

**IN RE: KENTUCKY RIVER AUTHORITY**

**MEETING NO. 127**

March 15, 2006

1:10 p.m.

Kentucky Higher Education Assistance Authority  
100 Airport Road  
Frankfort, Kentucky 40601

**APPEARANCES**

Mr. Bob Ware  
ACTING CHAIRMAN

Mr. William Grier  
Mr. William Welty  
Mr. John Martin  
Mr. L. C. Reese  
Mr. Rex Morgan  
Mr. R. C. Day  
Mr. Randall Christopher  
Mr. Daryl Newby  
Mr. Warner Caines  
MEMBERS OF THE KENTUCKY  
RIVER AUTHORITY

Mr. Paul Gannoe  
Proxy for Secretary Robbie Rudolph  
FINANCE CABINET

**Also Present:**

Mr. Stephen Reeder  
Ms. Sue Ann Elliston  
Mr. David Hamilton  
Mr. Earl Gulley  
Ms. Kayla Elliston

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**CAPITAL CITY COURT REPORTING**

MELINDA L. SPARKS, COURT REPORTER  
900 CHESTNUT DRIVE  
FRANKFORT, KENTUCKY 40601

**(502) 223-1118**

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### **MOTION TO APPROVE MINUTES.....3, LINE 5**

MR. WELTY: So moved.  
CHAIRMAN WARE: Motion made. Second?  
MR. MARTIN: Second.  
CHAIRMAN WARE: Seconded. All in favor.

### **MOTION TO APPROVE FUNDING WATER**

#### **GRANT APPLICATIONS AS PRESENTED.....38, LINE 3**

MR. WELTY: Tier I. I think is a very worthwhile situation and I make a motion that we approve the applicants.  
CHAIRMAN WARE: As presented?  
MR. WELTY: Yes.  
MR. MARTIN: Second.  
CHAIRMAN WARE: Okay. Were there any more questions of Dr. Ormsbee? Thank you, Lindell.  
DR. ORMSBEE: All right. Thank you very much. And, again, later if you come up with some questions feel free to contact me.  
MR. WELTY: I guess a comment before--motion on the floor but I'll go ahead and ask anyway. Next year when you bring the applicants back could this also include a summary of these applicants to see what they did?  
DR. ORMSBEE: Yes. We will make a note and make sure we do that.  
MR. GRIER: I'd just like to make one other comment. Projects like this involve a lot of young people and the awareness that they have of protecting the integrity of the streams. So many people abuse them. But these projects, while they may not produce gigantic water pollution reduction, they do make people aware of the importance of either small measures to protect the waterways.  
DR. ORMSBEE: Yes. And I would also add that the dollars that you all fund obviously are leveraged significantly from volunteer cooperation in some cases and a couple of projects with actually hard dollars. So, I want to commend you all for that.  
MR. CAINES: I've got a question. On that second item, KRA-

06-3, is that \$2,000 or \$3,000?

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(Continued)

CHAIRMAN WARE: Two thousand now.

DR. ORMSBEE: We reduced that to \$2,000.

MR. CAINES: Okay.

DR. ORMSBEE: Yes, sir. We went back and pared down the budget.

CHAIRMAN WARE: Well, like I said earlier, this summary before you was approved by the Water Quality Subcommittee last week and we've got a motion before the full board to approve the six projects as they've been presented and that motion has been seconded by Mayor Martin. All those in favor. Any opposition? Motion passes.

**MOTION TO APPROVE SPENDING 10% OF TIER I  
FEES ON WATER QUALITY OBLIGATIONS DURING  
ANY FISCAL YEAR AND HAVE AN OBLIGATION OF  
MAINTAINING A NETWORK OF WATER QUALITY  
GAUGES OR STATIONS.....42, LINE 5**

MR. GRIER: I so move.

CHAIRMAN WARE: Got a motion and a second. Any discussion? All in favor. Any opposition? Okay. So moved.

**MOTION TO APPROVE COMMUNICATING WITH  
CONGRESSIONAL DELEGATION.....63, LINE 3**

MR. DAY: I'll so move.

CHAIRMAN WARE: Okay. We have a---

MR. REESE: Excuse me, Mr. Chairman. I'll second his motion. But if Sue Ann would put out a sample letter to all of us to the Congressman, we could send him a letter.

CHAIRMAN WARE: Okay. We've got a motion made and seconded to communicate with our congressional delegation that this is a concern and funding shouldn't be withdrawn. Any discussion of that motion?

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(Continued)

MR. DAY: I think it also should specifically say in the middle of the funding or funded allegedly funded, year.

CHAIRMAN WARE: Yes, with a cooperative network of which we're a participant.

MR. GRIER: I think that's a key word, cooperative network. Yes. And should emphasize the vitalness of this, too, the successful management of the river.

CHAIRMAN WARE: All in favor. Any opposition? Okay. So moved.

**MOTION TO APPROVE RATIFICATION OF  
PUBLIC OFFICIAL LIABILITY INSURANCE.....84, LINE 20**

MR. REESE: Make the motion.

MR. GRIER: Second.

CHAIRMAN WARE: Do you all really think you need liability insurance? Okay. If there's no further discussion all those in favor. Any opposition? Motion passes.

**MOTION TO ADJOURN.....91, LINE 1**

MR. WELTY: Move we adjourn.

CHAIRMAN WARE: If not, I'll entertain a motion to adjourn.

MR. REESE: Second.

CHAIRMAN WARE: Seconded. Thanks. See you on the 19th.

1                   CHAIRMAN WARE: Good afternoon, Ladies  
2 and Gentlemen. We'll call this meeting of the Kentucky River  
3 Authority to order. I'll entertain a motion for approval of  
4 the minutes of our previous meeting.

5                   MR. WELTY: So moved.

6                   CHAIRMAN WARE: Motion made. Second?

7                   MR. MARTIN: Second.

8                   CHAIRMAN WARE: Seconded. All in  
9 favor. Sue Ann, why don't you give us a roll call.

10                   (ROLL CALL)

11                   MS. ELLISTON: We do have a quorum.

12                   CHAIRMAN WARE: First item on our  
13 agenda today is a report on the current legislative session  
14 by Steve Reeder.

15                   MR: There's basically two pieces of  
16 legislation that we need to be concerned about. And probably  
17 with a limited agenda I might not have called this meeting  
18 for another month but since the state legislature is in  
19 session with roughly two weeks to go as far as transacting  
20 business, I thought that we needed to talk because we've got  
21 a couple of things in the budget ourselves that we need to be  
22 very mindful of and watch.

23                   The first piece of legislation is House

1 Bill 380. That's state budget. You've got copies of  
2 pertinent parts of it that explain the status of our  
3 projects.

4                   The first project and the one that  
5 we've had the most concern with was the project to replace  
6 Dam No. 9 at Valley View which is the Lexington water supply.  
7 We don't need to belabor the subject but that dam is in bad  
8 shape. Its failed almost every type of test you can  
9 administer to it.

10                   We adopted nearly a year ago the idea  
11 of replacing it and have already had it designed. The design  
12 will be finished on it this summer and will be ready to let.

13 All the permits are being secured from the Corps of  
14 Engineers. There's no environmental impact statements or  
15 anything to do. All we have to do is let a contract to go to  
16 work if we had the funds.

17                   What we asked for was this just so  
18 you'll know and this is informational. We put this in the  
19 budget as our capital construction project in the Governor's  
20 Office of Policy and Budget -- that's the way you start this  
21 stuff -- and they approved the project in principle but did  
22 not approve a funding mechanism for it.

23                   The funding mechanism we recommended

1 was this. We recommended taking our unencumbered cash,  
2 roughly \$3.6 million, as a down payment on this project and  
3 we recommended retiring the rest of the \$14 million with a  
4 bonded indebtedness and the bonded indebtedness would be  
5 retired through water user fees, not tax revenues.

6 We do not have the funding available in  
7 our current revenues to pay for our operations and retire the  
8 debt on those bonds both together. So, we would put up the  
9 cash. We would borrow the rest.

10 We would resolve to raise our fees,  
11 which we've already resolved to do in the budget process  
12 here, and once the legislature approved of that process--we  
13 can't raise fees without the legislature doing two things,  
14 approving it and the legislature appropriating the money.  
15 You can't do anything in a government. The government could  
16 give us the keys to Fort Knox this afternoon and we wouldn't  
17 be any better shape than we are right now unless the state  
18 legislature approved in the budget bill that we could spend  
19 some of that gold and so we have to have their approval for  
20 everything. That's pretty elementary law.

21 It got to the house or got to the house  
22 budget committee and they pulled a total surprise. We did  
23 some lobbying with regard--and a lot of people called us. I



1 want to make real clear we had a lot of interest in this  
2 project. People have been following it, particularly the  
3 City of Lexington. The Toyota Motor Company which gets all  
4 their water there. In fact, they called me this morning to  
5 see how things were going from Toyota.

6                   We have a lot of major players that are  
7 interested in that Lexington pool. It not only supplies all  
8 of Fayette County, it supplies about half of Scott County,  
9 part of Bourbon County, part of Jessamine County. There's  
10 two major water districts involved in it. Everything in  
11 Scott County east of I-75 is supplied by the Kentucky-  
12 American plant. So, it's a real major operation.

13                   And, of course, you got nearly 400,000  
14 actual people that live in Fayette County -- I think 365,000  
15 -- and that doesn't count the green card people and other  
16 people that you can't account for. Its got a huge impact if  
17 anything happened to that dam. We've always said that we had  
18 to replace that one.

19                   And somebody asked me a while ago.  
20 They said, well, is it going to have a raise on it, going to  
21 have a head on it to store more water. No, not at this time.  
22 Its designed so that we can add onto it if we have to. That  
23 would slow the project down.

1                   But when the House got this thing, they  
2 had a problem. I said, well, we don't really want to have  
3 the River Authority raising fees. Well, this is some of the  
4 same type of thought that was in the Governor's Budget  
5 Office. They said we don't want to really get into the fee  
6 raising business. Well, that's the only way we knew to turn  
7 this in because that's what the law prescribes. The law says  
8 that we're financed by fees and the only way you're going to  
9 --you're to pay for capital projects is to raise fees  
10 accordingly with the consent of the legislature.

11                   So, we got an unexpected bonus in the  
12 House Revenue Committee. The House Revenue Committee  
13 approved the project. It's a \$17 and a half million  
14 construction project. We get to keep the cash, spend none of  
15 our cash. That's the way it stands today. They will bond  
16 the entire \$17 and a half million and the \$17 million that's  
17 to be bonded will be retired by general fund money and not  
18 River Authority money. So you got the double bonus of not  
19 spending your cash and you also got the bonus of not raising  
20 fees or spending any of our current agency receipts for that  
21 purpose.

22                   Its now gone to the Senate. And, of  
23 course, there you have the problem. There's an awful lot of

1   trepidation about the overall bonded indebtedness of the  
2   state.  People say, well, you're mortgaging tomorrow to have  
3   something today and there's an awful lot of that in there.

4                   My fear is that if we don't continue to  
5   monitor the project that it's liable to get caught up with a  
6   lot of other things and we could lose it just because it is a  
7   bonded obligation against the general funds of the state.  
8   So, we have to be very mindful and we have to really watch  
9   that.

10                  There's one catch in it, too, another  
11   catch in it that is not that important if it passes as it  
12   exists today.  The bill says that the debt service is not  
13   authorized until the second year of the next biennium which  
14   is '07, not '06.  We had planned to start this project if we  
15   get the money.  We plan to start it this summer.  We've  
16   planned to start building this summer, let a contract.  
17   Probably wouldn't get to be building it unless you had an  
18   awful dry year but at least have the contract in place and be  
19   ready to go.

20                  There is a way around that.  There is a  
21   mechanism whereby upon the petition of the agency, the  
22   Governor's Budget Office can set up a receivable against  
23   another account -- basically, somebody is pre-financing it

1 for you -- and then when you are enable to sell the bonds,  
2 then the proceeds can be used to pay back that receivable.

3                   So that didn't really worry me a whole  
4 lot. I was so flabbergasted really for this to happen  
5 because--and if it did happen I thought--being retired with  
6 general fund money I thought, well, at least they're going to  
7 probably require us to put our three and a half million into  
8 it and they said no. When I say they I'm talking about the  
9 House Appropriations Leader. They say you may need that on  
10 10. You may need it at another location so just keep your  
11 ability to raise rates at a later time and let's handle this  
12 one this way. Well, I couldn't have been happier with that.  
13 I just hope it stays in place.

14                   Now, the other thing that comes  
15 about is another total surprise and this ought to tell you  
16 that--and what I'm going to tell you should give you some  
17 indication of how strong Frankfort local politics plays in  
18 any budget process. And I'm not talking about political  
19 parties. I'm not talking about anything. I'm talking about  
20 the Frankfort establishment.

21                   We had a project in the budget for the  
22 repair of Lock 10. It started out with an authorization from  
23 this group to me to put in the budget \$300,000 of our fee

1 money against a potential \$700,000 match from the state  
2 general fund to do a--you can say it's a makeshift repair but  
3 it's not all that makeshift. Earl believes it probably would  
4 have a life of 5 or 10 years but it would certainly have  
5 addressed the needs of this boating community to keep that  
6 lock working. It would have been a million dollar project  
7 which I don't think it really would have been a full million.  
8 I think it would have less than that.

9 We turned that in. The Governor's  
10 Budget Office changed that. They said, well, you put a half  
11 a million against a half we'll recommend. Well, the  
12 committee rejected both ideas. I would have to come back to  
13 you all obviously before I could spend \$500,000 versus the  
14 three that was in there but I didn't mention it at the last  
15 meeting because everything at this point is up in the air.

16 But the committee, which is the State  
17 Revenue Committee which has some very powerful local interest  
18 on it, said no. Said you've made statements in the past or  
19 your records show that you could do a better fix of this with  
20 a \$5 million overhaul which is the basic overhaul, Bill, we  
21 always talk about for repairing the locks and giving them a  
22 50 year life assuming you don't have any structural problems  
23 in there that would run it up.

1                   And so I told them. I said, well, I  
2 don't really need that. I said I can get by like--I think we  
3 could just pretty well on what we sent over. They said no.  
4 They said here's what we're going to do. We're going to hook  
5 these two projects together and on that one, you put no cash  
6 --well, they wanted me to put the cash into that first and I  
7 would not agree to that. I said no, I'm not putting any cash  
8 into a purely recreational function with one lock when we got  
9 bad locks everywhere and this three and a half million didn't  
10 come to us very easily. It came through a lot of  
11 conservation over a lot of years in this place while I've  
12 been there and before I came here.

13                   The final resolution with the State  
14 Budget Committee was we really want that \$5 million lock; so,  
15 what we'll do is that we'll bond it all and you pay for it  
16 out of your--you retire the debt--you retire the debt service  
17 out of your fee money. Well, that's a pretty good deal if  
18 you don't have to do nine. It came at me at a completely  
19 different angle but when I thought about it I couldn't argue  
20 with it. So that left the State House Budget Committee like  
21 that, the two projects together. Those two are in the Senate  
22 today.

23                   And that one is just like the other one

1 on the debt service provision that no debt service would be  
2 owed until the second year of the biennium. That presents a  
3 little different problem in that the scope of work we had  
4 identified for the million dollar scope which I don't think  
5 would have been a million anyway, the lesser scope.

6 In fact, the reason I turned it in, I  
7 thought that's probably the only thing that would have any  
8 chance of passing or getting through any of these committees.

9 It was a scaled down scope of work that would work and give  
10 you an operable lock for a good while.

11 And that would have required little to  
12 no design. I think you could almost let that, Paul, as a  
13 turn-key project almost. The scope of work, there's only  
14 about four items in it. The design probably could have been  
15 done best by the contractor anyway maybe on the job.

16 But when you go to the \$5 million  
17 operation you're talking about a design and design typically  
18 would cost you from 5 to 8% of what the construction  
19 estimates are which, in this case, would be \$250,000 to  
20 \$400,000. It would take at least a year or at least that  
21 first year to design it anyway. If they direct us to do it  
22 it would take that long to design that and we would have to  
23 come up with the money probably on the front end or maybe

1 borrow it from them, like I explained to you on the other  
2 one, and then pay them back. It would be something you  
3 couldn't physically do for at least that first season because  
4 it's not designed. We never conceived of doing a project  
5 like that.

6                   The other one would be ready to go.  
7 Dam No. 9 would be ready to go design wise, permit wise,  
8 everything else. It would be ready to go at the--just  
9 probably this summer. So on that one, if everything stays in  
10 place, we'll probably have to go back and try to borrow it  
11 from the State Budget Office and then pay them back so we can  
12 get on track with it.

13                   You have some very powerful people that  
14 live in Frankfort that have their own brand of politics,  
15 power, whatever you want to say. And I told Bob Ware a while  
16 ago. I said, well -- I think I told him a while ago -- I  
17 guess that the Governor wouldn't be worried about his stadium  
18 in Louisville if it was going to be built in Frankfort  
19 because they probably would have funded it without any  
20 hesitation and you would have had it done.

21                   The people seem to get a lot done here  
22 and one of the reasons that we wanted the lock done to begin  
23 with was just because of this relentless local pressure.



1 They didn't want Lock 3 closed up. They're convinced that  
2 it's going to be part of future development and so forth here  
3 and maybe it will. So anyway we got good news to report on  
4 the budget at this point in time I think.

5 Now, the other bill--excuse me.

6 MS. ELLISTON: You may want to clarify  
7 that it was three. You said 10.

8 MR. REEDER: It's Lock 3.

9 MS. ELLISTON: Yes.

10 MR. REEDER: I thought I said that.  
11 It's in Owen County.

12 MS. ELLISTON: Yes.

13 MR. REEDER: It's in Owen/Henry County.  
14 It's just up the river here. Down the river.

15 The other bill that we have to be  
16 concerned with--there was no concern to it. It's just to be  
17 reported on. It's House Bill 623. We're rolled into it. I  
18 had asked for a provision to be put in the law to allow  
19 members of this board to continue beyond their stated terms.  
20 Nearly all boards and commissions have that continuation  
21 language.

22 The Governor appoints you, say, for a  
23 four year term to end September the 18th, say, 2007. Well,

1 you get to 2007. Without continuation language, there's not  
2 any real--you don't have any real basis to take any action.

3                   In fact, we had this happen and it  
4 happens with practically every administration. I used to  
5 have this job myself in a prior Governor's Office and it's  
6 awful difficult for the Governor's Office to keep up with  
7 anywhere from when I had it 200 boards to what I understand  
8 now as round 400 boards and commissions. It's a very  
9 relentless task that nobody really stays up on.

10                   And it's not as easy as just picking  
11 out a list of people and appointing somebody. You've got a  
12 lot of process to go through. These appointments get late,  
13 they're late under everybody. And this board--without the  
14 magic words until appointed for a term of whatever it is or  
15 until a successor is duly appointed and qualified. If it  
16 doesn't have that last language in it it's questionable if  
17 that person can even be counted as a quorum or his vote can  
18 be taken.

19                   About 90% of the things we vote on  
20 we're not even close on. But if we were close on a vote or  
21 if somebody just challenged it in general because they --  
22 some citizen -- because they didn't agree with what we did,  
23 those votes could be cast aside or maybe the whole meeting

1 voided. So, it's very important to have that language in it.

2 That bill was sponsored by the Finance  
3 Committee. It was sponsored by the Chairman of the House  
4 State Government Committee but it was a bill of the Finance  
5 and Administration Cabinet and it involves a lot of different  
6 boards and commissions. We were put in it for that purpose.

7 It got to the house floor and it was  
8 amended to add a 13th member of the board. There's 12. That  
9 issue has come up before. It's what they call housekeeping  
10 legislation. They go back and correct stuff or do things  
11 they should have done at another session. They added a 13th  
12 member to be appointed by the Governor.

13 That was brought to my attention early  
14 on in the Governor's office in discussions when this  
15 administration came in. They said you got an even number of  
16 people here so you could have a tie. I said, well, you're  
17 right, but usually somebody is going to be absent or it would  
18 be a pretty unusual circumstance to have that tie occur but  
19 it could, and it's always bad business to have an odd number.

20 The reason we wound up with an even  
21 number--to start with we had 11 people, 10 appointed by the  
22 Governor and one ex officio member which was the Secretary of  
23 the Environmental Protection Cabinet. In 2000, the

1 legislature changed cabinets in the bill that prioritized  
2 water supply. They moved us to the Finance and  
3 Administration Cabinet.

4                   The idea for moving us to the Finance  
5 Cabinet from Natural Resources is that finance is involved in  
6 all these construction projects we're going to get in. It  
7 made more sense to have it there than Natural Resources. It  
8 didn't make any sense to take the Natural Resources secretary  
9 off of it because we deal with the Division of Water and we  
10 deal with a lot of water quality issues and it's good to have  
11 that person on there.

12                   What they didn't do was change the  
13 number of the quorum from six to seven like they should have  
14 nor did they create--should have created an odd number back  
15 then when they did that so that theoretically you could not  
16 have a tie. And, like I say, it's probably never going to  
17 happen but there it is.

18                   House Bill 623 is laying in the Senate  
19 State and Local Government Committee they call it over there  
20 and I suppose it'll probably pass without much incidents.  
21 It's very interesting. It was in a bill that said--entitled  
22 --of course, the title of a bill controls what the piece of  
23 legislation is. You got to have a proper related title to

1 anything. The bill was relating to the abolition of boards  
2 and commissions.

3                   The lady that handles that for  
4 Secretary Rudolph told me about it. She said, well, I think  
5 we'll have to change this title because we're not abolishing  
6 the River Authority. So, they changed the title to--I think  
7 it just relates to boards and commissions because the rest of  
8 them they were abolishing things that were added over the  
9 years that are not--turned out not to be functioning anymore  
10 or whatever and on ours they just made these clean-up  
11 provisions.

12                   But that's in the Senate Committee.  
13 You might want to watch that bill if you got any interest in  
14 it. It's a pretty type piece of legislature. Should correct  
15 a problem for us.

16                   Now with regard to any of these--the  
17 bill of main concern here, House Bill 380, you all have any  
18 questions about it at this point. Now, remember, it's got to  
19 go to the Senate.

20                   All this stuff has got to go then to  
21 Conference Committees. Anything involving a budget will  
22 finally wind up in a Conference Committee because there's too  
23 much jockeying around and too much competition for projects

1 and there's a lot of argument--the thing that worries me with  
2 the way that project is structured--I'm happy the way it's  
3 structured.

4 But the thing that worries me about it  
5 at the same time is the fact that being a fully bonded  
6 project which is supported by the General Fund, it could get  
7 caught up in some kind of a purge of these kind of things in  
8 some Conference Committee somewhere and that bothers me.

9 My position is and when I'm asked I  
10 don't care how they do it. We just need the project. It  
11 doesn't make any difference to me if they want to just give  
12 us the cash or how they want us to do it. Just provide us a  
13 way to do it because we've gone by the law and identified  
14 this project as--they told us in 2000 that we had to  
15 inventory these--this infrastructure and make  
16 recommendations. We have done that and that came out to be  
17 probably the highest recommendation we got in terms of safety  
18 and a lot of other things and overall impact.

19 We also follow the law in the way we  
20 turned it in. The law doesn't say turn it in and ask for  
21 general fund money. I told them that--I did tell them that.  
22 I said, hey, if you don't want us to raise the rates don't  
23 turn it down. I said just give us the money and we'll go

1 away.

2                   The way they came up with it was  
3 through this bonding of general fund debt and this other  
4 project came along as sort of one of these obligatory  
5 cabooses I guess you could say, the one along behind the  
6 train. At any rate, it's not a bad package the way it sits  
7 right now as I see it.

8                   MR. WELTY: Steve, of course, the bad  
9 news is it has to go through the Corps of Engineers, right?

10                  MR. REEDER: No. No, neither one does.

11                  MR. WELTY: Well, I thought that would  
12 be a good comment.

13                  MR. REEDER: No, sir.

14                  MR. WELTY: The lock that you were  
15 talking about to make that operable, was that 3 or 4?

16                  MR. REEDER: Three.

17                  MR. WELTY: Three?

18                  MR. REEDER: Uh-huh (Affirmative).

19                  MR. WELTY: Okay. What's the status--I  
20 know that the last time we talked about ownership. I'm sure  
21 they're not going to put any money into anything that they  
22 don't own. And they haven't even started on the ownership of  
23 three yet, have they?

1 MR. REEDER: No. The ownership of 1  
2 thru 3--I'll just jump subjects on that one because I was  
3 going to mention this in my Director's Report. If you  
4 believe it, today--I believe it was this morning or  
5 yesterday.

6 MS. ELLISTON: No, I got it---

7 MS. KAYLA ELLISTON: We got them  
8 Friday.

9 MS. ELLISTON: ---Friday.

10 MR. REEDER: We got them Friday but we  
11 were---

12 MS. KAYLA ELLISTON: Up here.

13 MR. REEDER: ---right here. Yes.

14 MS. ELLISTON: Here.

15 MS. KAYLA ELLISTON: Here.

16 MS. ELLISTON: We were here.

17 MR. REEDER: Yes, here. Were here at  
18 another meeting. We got the deeds to 5, 6, 7--no, 5 and 7.  
19 Six we already had. Five, 7, 8, 9, 10 we already had, 11,  
20 12, 13 and 14. As soon as Secretary Rudolph signs these  
21 deeds--the General in Washington has already signed it. The  
22 highest guy you can go up in the Pentagon that's got this  
23 responsibility has already signed it. As soon as Secretary



1 Rudolph and Finance signs this stuff and we can get these to  
2 the court houses in their respective counties, then they  
3 belong to us.

4 One thru four is not yet in the stage  
5 that the Corps of Engineers will consider a transfer because  
6 they have to keep them so many years after they quit using  
7 them and they stopped using them in 2001. They didn't leave  
8 here until 2002. They've got a five year period in which  
9 time they consider whether or not they will ever need them  
10 again and that time has to--it's not a time that they can cut  
11 short. That time has to expire. So sometime this year they  
12 should be making some consideration of declaring 1 thru 4  
13 surplus, Carrollton thru Frankfort.

14 MR. WELTY: So how would they handle  
15 that?

16 MR. REEDER: Sir?

17 MR. WELTY: How will they handle being  
18 since it's not our property and not state property and---

19 MR. REEDER: The way they do it--just  
20 like when we worked on three last year or we work on anywhere  
21 else, we ask them if it's okay. We just get permission and  
22 that's not hard to get.

23 MR. WELTY: Oh, I'm sure of that. I

1 just couldn't envision the state putting that kind of money  
2 into something they didn't own.

3 MR. REEDER: That's the reason that we  
4 didn't try to start on Dam 9 instead of 10 when we started  
5 with our infamous project over there. But the thing about  
6 that was that was almost a replacement and until it got so  
7 bad--of course, we didn't know it was that bad at the time  
8 either I'll have to say that. The legislature is fully aware  
9 who has the deeds to them.

10 MR. WELTY: Great news except the  
11 article in the Louisville Courier. The Governor says that  
12 wishful thinking.

13 MR. REEDER: May be.

14 MR. WELTY: Not on our part but the  
15 whole budget.

16 MR. REEDER: May be. The only thing we  
17 can do is that we certainly don't want to go against the  
18 wishes of the administration. That's the last thing we want  
19 to do. That's counterproductive in anybody's book.

20 What we want to do is--I think we just  
21 keep our same line; that it's a needed project and whatever  
22 they can do we appreciate it. Keep it in mind. And whoever  
23 you know--right now in the Senate particularly is where it

1 is. That thing passed the House 97 to nothing so there's  
2 support somewhere. That was the margin it passed. So, I  
3 don't know what the Senate is going to do with all of it but  
4 they may turn it upside down, they may leave it alone. I  
5 don't know.

6 I do know or do feel like that we need  
7 to keep expressing our interest to those people that are in  
8 positions of power in the Senate and back in the House  
9 because it'll come back over there in a Conference Committee.  
10 Say, look, we got to have--we need this project. We need  
11 nine. Nine is one we need. That's the one that we don't  
12 have a lot of option on.

13 CHAIRMAN WARE: And you folks wouldn't  
14 be sitting on this commission if you didn't have some  
15 influence whether you want to admit it or not.

16 MR. REEDER: Yes. This is not an  
17 option.

18 CHAIRMAN WARE: If you know anybody  
19 along the chain that we're facing that you could maybe  
20 promote it.

21 MR. REEDER: Yes. Right. Particularly  
22 in leadership. You're looking at the House and Senate  
23 together. Here's a little card here. They're overstuffed

1 with titles over there like they are everywhere else.

2                   General Assembly, I'll read who's in  
3 charge of it. These people that I'm going to read, they'll  
4 be people that are pretty much going to govern these  
5 Conference Committees you got in the House. You got Jody  
6 Richards, Larry Clark, Rocky Adkins, Jeff Hoover, Bob Damron,  
7 Bob DeWeese, Joe Barrows and Ken Upchurch.

8                   And you go to the Senate. You got  
9 David Williams, Katie Stine, Dan Kelly, Ed Worley, Richie  
10 Sanders, Johnny Ray Turner, Dan Sime and Joey Pendleton.  
11 These people are in both parties and these people will make a  
12 big difference when it gets in a Conference Committee.

13                   And where your local legislator can  
14 help you, even if that person is not in a position of  
15 leadership, they can keep their eye on it because I was  
16 telling somebody here earlier. I've seen this stuff. When  
17 the legislative session comes they're only allotted 60 days.

18       Of course, now they come back and they have a veto session  
19 to consider overriding gubernatorial vetoes so they come back  
20 for a couple of days. They don't transact much business.

21                   But before they leave at the end of  
22 March they will no doubt, if they follow a pattern--they  
23 can't work past the midnight hour so they shut the clock off,

1 and I've seen them work all night long with the clock shut  
2 off at two minutes til midnight.

3                   And they get in these Conference  
4 Committees and they've been up two or three days and this  
5 stuff is--these changes are in stacks of paper this tall.  
6 These guys, 2 or 3 o'clock and 4 o'clock in the morning, are  
7 voting on things that they haven't read. They don't have a  
8 lot of choice, but unless they are clued in and got some  
9 staff people, good staff people in the Legislative Research  
10 Commission helping them just to physically know where this  
11 stuff is they can--they could even vote on something they  
12 don't want. It's a pretty tedious process.

13                   So all you can do is really tell people  
14 that it's a very needed project. If somebody doesn't agree  
15 with the way it's in there, fine, find some other way to fund  
16 it. Doesn't matter. Just don't send us back to the Corps of  
17 Engineers.

18                   CHAIRMAN WARE: Steve's right. We're  
19 in a position where we're sitting on an engineering report  
20 that indicates how vulnerable we are to problems at nine.  
21 And we all know how important nine is for the water supply in  
22 the river basin and I personally would hate a few months down  
23 the road to have to test Bill Grier's, David Hamilton's

1 contingency plan in case of a breach.

2                               We saw what happened in New Orleans  
3 several months ago. If there's any way we can get this  
4 project funded -- like Steve says any way we can get it  
5 funded -- I think we ought to pursue that.

6                               MR. REEDER: I looked into breaking the  
7 project in to at one time. Went to our consultant engineer  
8 and said can we divide this project. That's an inefficient  
9 way to do business because being already designed you would  
10 have to modify the design. Can we break this product down so  
11 we might be able to afford it in segments? That doesn't  
12 work. The littlest segment is about seven or eight million  
13 dollars and that's twice as much cash as we've got.

14                              I went back again, and this is if  
15 everything we do here goes south in terms of getting this  
16 passed. I said what is the most critical element in this dam  
17 that's likely to break. Well, we knew of a couple of places,  
18 couple of walls that are next to the locks.

19                              And I have an estimate. If all this  
20 fails by whatever means in the legislature, I've got an  
21 estimate. I just got it, just secured it I think last week,  
22 David, from Fuller, Mossbarger. There's a million dollars  
23 worth of work we can do. It's like throwing good money after

1 bad but it might keep it from falling in. There's a million  
2 dollar estimate to repair what is known to be the most  
3 critical element.

4 I'd hate to spend a million dollars and  
5 then have to go back and build the dam anyway but we've  
6 looked at everything and--because we're genuinely worried  
7 about it. It's not something we're just coming up here with  
8 projects. We need to have this thing. Like we would like to  
9 have a new road. We'd all like to have a new road. I'm glad  
10 for people that get them, but this is not one of them. This  
11 is like a bridge where you can't get from one side of the  
12 road to the other. That's what that's like. There's not  
13 anyway to get around the condition of this thing.

14 Any other--any comments?

15 CHAIRMAN WARE: More questions for  
16 Steve? Our next item on the agenda is a report on the Water  
17 Quality Subcommittee. Several of us met last week to discuss  
18 some watershed grant applications and you have before you  
19 what we gleamed as the appropriate applications to fund for  
20 this fiscal year, the current fiscal year by the way.

21 In the mail you received eight  
22 candidate grant applications. After the Water Quality  
23 Subcommittee meeting last week those were narrowed down to

1 six with some modifications to a couple of those application  
2 or proposal descriptions.

3                   So you should also have an abbreviated  
4 table that indicates the projects that are being brought  
5 before the full board today for approval.     We had  
6 originally budgeted for this fiscal year \$15,000 for those  
7 watershed grants and the total that we're requesting is just  
8 a shade under that.

9                   Let me introduce Dr. Lindell Ormsbee  
10 with the Water Resources and Research Institute, the  
11 Director. And Lindell and Malissa McAlister met with us last  
12 week and helped us pare that list down. Lindell, if you just  
13 want to summarize how we arrived at the current list, I'd  
14 appreciate it.

15                  DR. ORMSBEE: Okay. Be glad to. Thank  
16 you, Mr. Chairman. For those that were not at the  
17 subcommittee meeting, I took the opportunity to kind of give  
18 a little bit of history -- I know that we have some new board  
19 members -- relative to the watershed management framework  
20 process that the River Authority has been engaged in since  
21 about 1998.

22                  And I actually prepared a little  
23 powerpoint presentation for you. I'm not going to go through



1 that in the interest of time. It kind of summarizes the  
2 program, a little bit of the history and the objectives and  
3 some of the subcomponents of that. If you have any questions  
4 specifically related to the overall program, I'd be glad to  
5 fill those either now or later as whatever might work out  
6 best.

7 But anyway to give, I guess, a little  
8 synopsis, the River Authority back in '98 was a partner with  
9 the Kentucky Division of Water in launching a statewide  
10 watershed management framework process. Some of the goals of  
11 that process were to be able to try to start addressing a lot  
12 of water quality problems throughout the state that really  
13 didn't lend themselves very easily to a regulatory type of  
14 solution.

15 And the state was basically broken into  
16 five basin management units and, because of the fact that the  
17 River Authority already existed and was providing leadership  
18 in the Kentucky River basin, the Kentucky River basin kind of  
19 became the pilot for this process. And at the time the River  
20 Authority approached UK at the Water Institute to help in  
21 that process and we've been involved subsequent to that, but  
22 the overall framework process went through and established  
23 sort of EPA protocol and we walked through that and that was

1 a five year process.

2                   And coming out of that in deliberations  
3 with Steve and some of the other board members we thought  
4 that it might be useful to try to stimulate some small  
5 projects across the river basin where there were citizen  
6 groups trying to address some problems and that was kind of  
7 the genesis for this grant program.

8                   So this is, I guess, getting ready to  
9 be our third year of this process. We started out a couple  
10 of years ago with a total pool of \$10,000 and a cap for about  
11 \$2,000 to \$3,000 per project and so this provided a mechanism  
12 to jump start different groups across the basin focusing on  
13 small community based projects.

14                  And thus far we think its been very  
15 successful. It's, I think, gotten the River Authority a lot  
16 of positive press and PR across the basin from different  
17 groups and seen how the River Authority in addition to their  
18 --their main goal obviously of managing the facilities on the  
19 Kentucky River, also is involved in trying to address water  
20 supply and water quality problems not only on the main stem  
21 but throughout the basin, including the headwaters.

22                  So, anyway, this year we had  
23 applications of six different groups for funding. There was

1 a cap of \$3,000 and a total pool of \$15,000. I believe Bob  
2 mentioned we had eight projects listed there and I can kind  
3 of just walk thru very quickly, give you a synopsis of what  
4 our recommendations were to the Board or the subcommittee and  
5 then the subsequent action taken.

6 The first project is--the applicant was  
7 the Cowan Community Action Group and Company in Letcher  
8 County. This is on Cowan Creek, and this project was looking  
9 at mobilizing some of the citizen groups there to do some  
10 sampling on that creek and help to identify where some of  
11 their problems are occurring.

12 Like a lot of creeks in Letcher County,  
13 there are a lot of straight pipes on this creek and a lot of  
14 pathogen problems so this project would help to mobile local  
15 citizens and put up some signage for educational purposes and  
16 so on and also do some sampling.

17 And based on our interaction with that  
18 region in the past and also there is also a VISTA volunteer  
19 that's involved in this project and communications, getting  
20 background about some of their capabilities, we thought this  
21 was a good project. So, we recommended that for full  
22 funding.

23 The second project was focusing on the

1 other end of the basin, Eagle Creek up in Grant County, and  
2 this was a project to do some supplemental work with an  
3 ongoing project. We actually funded this group last year and  
4 actually worked with them, our staff did, and were able to  
5 help them secure a 319 grant from the Division of Water to  
6 actually leverage a lot more money into the region. One of  
7 the goals of this program is to use some of these monies as  
8 seed money, work with local groups, get them up and running  
9 and help them go out and bring additional funds into the  
10 basin.

11                   So based on the fact that we had  
12 already funded them last year and that they had already been  
13 successful in getting a 319 grant, we thought the resources  
14 could probably be better applied than some of the other  
15 projects. We did not recommend funding of that project.

16                   The third project was with the Fayette  
17 County Conservation District. This was a project that would  
18 be working with teachers in Fayette County and doing some on-  
19 the-ground educational laboratories, both at McConnell's  
20 Springs Educational Center and then also at another location  
21 in Elkhorn Creek.

22                   And this project had several different  
23 items. We kind of pared that down a little bit. There was a

1 planting, a native planting budgetary item that we thought  
2 probably wasn't appropriate and also some transportation that  
3 we thought was probably not necessary. So, we actually  
4 recommended that funding at a reduced level of \$2,000.

5                   The fourth project was with the Eastern  
6 Kentucky Environmental Research Institute. They actually had  
7 two proposed projects and we opted to fund the second one.  
8 This particular project was requesting funding to develop a  
9 reporting form and data interpretation application for data  
10 collected by the volunteer network and the Water Institute is  
11 already providing some support to that group through our  
12 ongoing contract. We actually developed a database and had  
13 that maintained and we thought that this proposal here was  
14 somewhat duplicative of that ongoing effort. So, we  
15 recommended that that proposal not be funded.

16                   I am aware that that group is also  
17 looking for some additional federal funding to try to  
18 underwrite that similar type of activity. So, again, we  
19 thought that they would be fine without that and we could use  
20 those resources to some of the other projects.

21                   The next project was with the  
22 Appalachian Heritage Alliance in the Red River area. This is  
23 actually one of our priority watersheds.

1                   For those who were with me last week,  
2 we talked about the fact that this EPA process that you go  
3 through helps to basically identify some high priority  
4 watersheds throughout the Kentucky River Basin. There's  
5 about six of those that were identified and this is actually  
6 one of those. There are some pathogen problems in the Red  
7 River area and this group is, again, looking at an  
8 educational initiative to work with students and so on and  
9 Wolfe County.

10                   And, again, based on our interactions  
11 with them, we thought this was a worthwhile project so we  
12 recommended that for full funding.

13                   The next project was with the Clark's  
14 Run Environmental Education Corporation. This is a new non-  
15 profit that was recently established that our staff actually  
16 helped in that process focusing on Clark's Run in Boyle  
17 County and this is obviously close to Danville there. And so  
18 based on some of past histories with the River Authority and  
19 Danville, this also I think is a good project for a lot of  
20 reasons.

21                   This project involves helping to create  
22 and repairing a buffer zone along the creek there. Its  
23 guarded a lot of positive press in the local community.

1 They've had a couple of articles on the group, and I believe  
2 one of the mayoral candidates there has also gotten involved  
3 in the project.

4 And so we think this is a very  
5 worthwhile project. We've worked with this group before and  
6 they've been very productive and done a lot of good work.

7 The next project is with Friends of  
8 Wolf Run. This is also an environmental non-profit that we  
9 helped get started. This is in Fayette County looking at the  
10 Wolf Run watershed which is one of the most impacted  
11 watersheds in Fayette County, has a lot of problems there,  
12 and this project involves some community education, also  
13 looking at developing buffer zones along the creek to try to  
14 filter out some of the contaminants that are getting in there  
15 and also has a process to help people evaluate whether  
16 they're putting excessive fertilizers on their yards and  
17 generating excessive nutrients.

18 This project also requested \$3,000 and  
19 is actually leveraging about \$20,000 from several other  
20 groups. So, we felt like this is a very good project and  
21 these guys have already established an excellent track record  
22 of productivity. And, again, an added bonus is that they've  
23 been able to bring in some matching dollars.

1                   The last project is again from Eastern  
2 Kentucky Environmental Research Institute. This is basically  
3 requesting funding that will be used as a match for an OSM  
4 VISTA volunteer that's actually from Letcher County. It's a  
5 local student, and he's already kind of out there working  
6 trying to work with the local citizens to educate them about  
7 the problems in the county and we think this is funds that  
8 would be very worthwhile to provide a catalyst to help expand  
9 some of the problems--or address some of the problems in  
10 Letcher County.

11                   As we've talked about in previous  
12 meetings, I realize some of you all have just joined the  
13 board. But each year from a volunteer watershed watch  
14 sampling effort Letcher County consistently comes up as one  
15 of our most impacted counties in the Kentucky River basin  
16 with regard to pathogen issues and so we feel like that this  
17 would be a worthwhile project to try to help start addressing  
18 some of those issues.

19                   So when you go through the math on that  
20 that basically comes out to a total of \$14,495 and that's  
21 about \$500 short of the total \$15,000. And, currently,  
22 those funds are basically in our budget with the River  
23 Authority contract and we had talked with the committee that



1 we could use the balance of those funds to address the data  
2 base requests that had been put forth from Eastern Kentucky  
3 and just basically do that in-house and do that for \$500  
4 versus the \$3,000 that they were proposing.

5 And with that, I would be glad to  
6 entertain any questions or clarifications.

7 MR. REESE: On the Red River, the  
8 biologist compensation, you said you would check that out.

9 DR. ORMSBEE: Yes, sir, I did. On  
10 their budget they had a line item for biologist compensation.  
11 That was actually a typo. It was some compensation for the  
12 main person that was administering the whole program. So,  
13 they're actually leveraging involvement, volunteer  
14 involvement of about 10 different state officials and so on  
15 to come in and to help teach the educational program.

16 And they also had an administrative  
17 cost I think that we got some clarification on as well that  
18 was basically supplies. We got a subsequent breakdown of  
19 that.

20 CHAIRMAN WARE: But that was okay, that  
21 15%?

22 DR. ORMSBEE: Yes, I think so. Yes,  
23 Mr. Welty.

1 MR. WELTY: This is for a budget year  
2 that ends in July?

3 DR. ORMSBEE: These funds will have to  
4 be expended by June 30th. So, this is our current fiscal  
5 budget, yes.

6 MR. WELTY: On the ones that you're  
7 recommending today none of these were last year's or the  
8 previous year's recipients?

9 DR. ORMSBEE: I think there might have  
10 been a couple that were. Yes, sir.

11 MR. WELTY: Okay. With the grant  
12 application is there follow-up to make sure---

13 DR. ORMSBEE: Yes, there is. We have a  
14 two stage process. We have an interim report that each  
15 recipient files and then a final report and then typically at  
16 the meeting where we basically discuss the next year's  
17 contract, we bring a synopsis--an update of all those  
18 projects from the last year. When we were in Danville we  
19 actually had a couple of groups come and make presentations  
20 before the board relative to their project.

21 So, we basically have a mechanism of an  
22 interim report, a final report. Those reports are posted on  
23 the website that we develop in support of the grant program.

1 And then we anticipate again this year probably trying to  
2 have some of those recipients come and give some face-to-face  
3 feedback about their projects.

4 MR. WELTY: Of the year's past  
5 recipients how many of those do we still have that are active  
6 out there or are the active funds ceased coming in so they no  
7 long operate, or do we still have people that's---

8 DR. ORMSBEE: Well, a couple of them  
9 have been able to get some other funding. And, again, we  
10 kind of use this in some cases to help them kind of get jump  
11 started and then Malissa McAlister, our staff member,  
12 basically kind of works as a circuit writer and goes around  
13 and visits the different groups frequently and tries to work  
14 to get them grants, like a 319 grant. We work with Eagle  
15 Creek, for example, up there and were able to help them get  
16 some funding that way. In Dix River, there is another 319  
17 grant that looks like it's about to start as well so we've  
18 been able to help in those cases.

19 Relative to this list here, we have had  
20 Friends of Wolf Run supported in the past and also Clark's  
21 Run, and we also had a previous support for Eastern Kentucky  
22 but that was in a different watershed and a different  
23 project.

1                   MR. WELTY: A question probably for  
2 Steve or somebody. Is this Tier I or Tier II money?

3                   MR. REEDER: Tier I.

4                   MR. WELTY: Tier I. I think is a very  
5 worthwhile situation and I make a motion that we approve the  
6 applicants.

7                   CHAIRMAN WARE: As presented?

8                   MR. WELTY: Yes.

9                   MR. MARTIN: Second.

10                  CHAIRMAN WARE: Okay. Were there any  
11 more questions of Dr. Ormsbee? Thank you, Lindell.

12                  DR. ORMSBEE: All right. Thank you  
13 very much. And, again, later if you come up with some  
14 questions feel free to contact me.

15                  MR. WELTY: I guess a comment before--  
16 motion on the floor but I'll go ahead and ask anyway. Next  
17 year when you bring the applicants back could this also  
18 include a summary of these applicants to see what they did?

19                  DR. ORMSBEE: Yes. We will make a note  
20 and make sure we do that.

21                  MR. GRIER: I'd just like to make one  
22 other comment. Projects like this involve a lot of young  
23 people and the awareness that they have of protecting the

1 integrity of the streams. So many people abuse them. But  
2 these projects, while they may not produce gigantic water  
3 pollution reduction, they do make people aware of the  
4 importance of either small measures to protect the waterways.

5 DR. ORMSBEE: Yes. And I would also  
6 add that the dollars that you all fund obviously are  
7 leveraged significantly from volunteer cooperation in some  
8 cases and a couple of projects with actually hard dollars.  
9 So, I want to commend you all for that.

10 MR. CAINES: I've got a question. On  
11 that second item, KRA-06-3, is that \$2,000 or \$3,000?

12 CHAIRMAN WARE: Two thousand now.

13 DR. ORMSBEE: We reduced that to  
14 \$2,000.

15 MR. CAINES: Okay.

16 DR. ORMSBEE: Yes, sir. We went back  
17 and pared down the budget.

18 CHAIRMAN WARE: Well, like I said  
19 earlier, this summary before you was approved by the Water  
20 Quality Subcommittee last week and we've got a motion before  
21 the full board to approve the six projects as they've been  
22 presented and that motion has been seconded by Mayor Martin.  
23 All those in favor. Any opposition? Motion passes.

1                   And, Bill, you mentioned having some  
2 summary of the projects at an appropriate time and I think  
3 that would be appropriate to have that presented to us. And  
4 it may be a little bit awkward. We're approving projects  
5 this late in the fiscal year and we've discussed the  
6 possibility of moving the entire project, Water Resources and  
7 Research Institute contract, moving that up maybe until the  
8 end of May or June so that we can deliberate on the whole  
9 contract and possibly get some grant applications in earlier  
10 in the fiscal year, Lindell, if that would be possible.

11                   DR. ORMSBEE: Yes, that's certainly  
12 fine with us. We would actually work with that.

13                   CHAIRMAN WARE: Okay. Thank you very  
14 much.                   There was one other item that the  
15 subcommittee discussed last week and that concerned the  
16 overall Authority's water quality commitments and obligations  
17 and the subcommittee moved to re-endorse the objectives that  
18 we have developed over the past couple of years. I'll  
19 mention what those objectives and obligations have been. You  
20 didn't make a list of those to pass out?

21                   MS. ELLISTON: No. I know what they  
22 are.

23                   CHAIRMAN WARE: Well, correct me if I'm

1 wrong on these.

2 MS. ELLISTON: Okay.

3 CHAIRMAN WARE: We make an annual  
4 commitment to the River Sweep program. We've had an annual  
5 watershed management agreement with the University of  
6 Kentucky Water Resources and Research Institute in order to  
7 follow thru with the watershed basin management process as  
8 Lindell has provided in this powerpoint presentation.

9 We've also made an obligation to spend  
10 at least 10% of our Tier I fees toward our water quality  
11 obligations in any fiscal year and we also have an obligation  
12 of maintaining a network of water quality gauges or stations.

13 That was pretty issue specific with respect to what we have  
14 done, and we've been maintaining one station here at Dam 4 in  
15 Frankfort, more or less a station to continuously monitor  
16 four parameters, temperature, pH, conductivity and dissolved  
17 oxygen.

18 I would personally think that we would  
19 want to expand that objective to maintaining the network of  
20 cooperative gauges with the US Geological Survey because  
21 arguably, in doing continuous gauging at the other stations,  
22 we're developing information for pollutant loadings that feed  
23 into the water quality objective.

1                   And I would also like the Water Quality  
2 Subcommittee to evaluate the utility or the cost  
3 effectiveness of the water quality monitoring that's  
4 occurring at four over the next few months and whether we  
5 want to continue that. Steve is going to be discussing the  
6 cooperative agreement with US Geological Survey in his report  
7 later on in the meeting. That water quality gauge at four is  
8 a part of that cooperative agreement to the tune of about  
9 \$25,000 a year.

10                   But the subcommittee moved to re-  
11 endorse those objectives. So, I'll put that on the floor if  
12 the full board wishes to make a motion or to approve a motion  
13 to re-endorse those specific water quality objectives.

14                   MR. GRIER: I so move.

15                   CHAIRMAN WARE: Got a motion and a  
16 second. Any discussion? All in favor. Any opposition?  
17 Okay. So moved.

18                   MR. GRIER: Bob, did we have a  
19 statement, a water quality statement, as part of that?

20                   CHAIRMAN WARE: I don't remember, Bill.  
21 If you can think of---

22                   MR. REEDER: (Nods affirmatively).

23                   MR. GRIER: We do?



1 MR. REEDER: Yes.

2 MR. GRIER: Has anybody got a copy of

3 it?

4 CHAIRMAN WARE: Oh. In conjunction

5 with the mission. Yes.

6 MR. GRIER: Yes.

7 CHAIRMAN WARE: That was---

8 MS. ELLISTON: Yes. As our M-1s, M-2s,

9 3 and 4, yes, we do have it.

10 MR. GRIER: That should be included as

11 part of that whole package -- isn't that the water quality

12 statement -- if that's possible.

13 CHAIRMAN WARE: A statement being a

14 part of the strategic plan is what you're saying that was

15 incorporated in that.

16 MS. ELLISTON: I can just put it under

17 the M--under---

18 MR. REEDER: M-2.

19 MS. ELLISTON: Yes, under water

20 quality.

21 CHAIRMAN WARE: Yes.

22 MR. REEDER: It's M-2.

23 CHAIRMAN WARE: Okay. Are we going to

1 have a strategic planning session any time in the near  
2 future?

3 MR. REEDER: I think we'll probably  
4 have a strategic planning session at the end of the  
5 legislative session and see where we are.

6 CHAIRMAN WARE: Okay.

7 MR. REEDER: Somewhere. That usually  
8 is an overnight thing. Done overnight. We usually met and  
9 have some discussion as a general rule before dinner and then  
10 we have a session through the day which gives people time to  
11 not be in such a rush and talk to each other also informally  
12 the night before. We typically have those somewhere like the  
13 Campbell House or someplace like that where its overnight  
14 accommodations. We better wait until the session is over  
15 before we have it.

16 CHAIRMAN WARE: All right. Are we  
17 going to obtain a facilitator for that? Mary Jane had done  
18 it in the past.

19 MR. REEDER: Well, we'll talk about how  
20 we're going to do it.

21 CHAIRMAN WARE: She had some unique  
22 skills in that area.

23 MR. REEDER: Yes. We had a facilitator

1 who was a board member and is not with us anymore. We can  
2 find one. Hard to find one that knows anything about the  
3 subject matter, though.

4 CHAIRMAN WARE: Yes, that's the---

5 MR. REEDER: Problem.

6 CHAIRMAN WARE: Okay. The next item  
7 for discussion would be the US Geological Survey contract. I  
8 guess that is as it relates to the recent changes made by the  
9 Corps of Engineers and their support of the cooperative  
10 agreement.

11 MR. REEDER: Right.

12 CHAIRMAN WARE: Steve, have you  
13 communicated with Mr. Griffin yet on this topic?

14 MR. REEDER: Yes. I'm going to tell  
15 you what I've told him.

16 CHAIRMAN WARE: Okay.

17 MR. REEDER: The River Authority has an  
18 annual contract with the US Geological Survey for the  
19 maintenance of stream flow--stage and stream flow gauges  
20 throughout the river basin. We participate in 18 stream flow  
21 gauges and one water quality gauge that Bob was talking  
22 about.

23 This contract runs on the federal

1 fiscal year, October 1 to October 1. We normally wouldn't be  
2 talking about this right now except for one thing has  
3 happened. The Corps of Engineers notified--and I guess  
4 probably it's coincidental I would think with the transfer of  
5 these deeds. I would think it has something to do with it.  
6 The Corps of Engineers notified the US Geological Survey that  
7 they intended to withdraw their participation in eight of  
8 these gauges.

9                               We pay typically--and you've got some  
10 paper work in front of you. This year of the contract--or  
11 this fiscal year we're in we've paid \$202,650 toward these  
12 gauges. The rest of it is paid by various other partners  
13 along with the US Geological Survey.

14                              On some of the gauges the state  
15 Division of Water is a partner. On some of them we pay it  
16 all. The state Division of Water is a partner on some. The  
17 Army Corps of Engineers is a partner on some. City of  
18 Frankfort is a partner. Various entities are throughout the  
19 basin that might have a particular interest over the years  
20 have picked up part of the overall cost.

21                              The Corps of Engineers at eight  
22 locations--now one of these locations that they have notified  
23 us on, the one on Cutchin (sic) Creek in Leslie County we

1 don't participate anyway in that so I don't know why they  
2 included that on here.

3                   There's seven of them on here that they  
4 have notified us that the Corps of Engineers will no longer  
5 pay their part for the rest of the fiscal year. So, the US  
6 Geological Survey notified me and said, in effect, we would  
7 like for you to pick up what they're not paying which is  
8 \$26,000.

9                   Well, my response to that--and I don't  
10 know. I had to think about a little bit, but my first  
11 response to it has been that -- we're going to sit down and  
12 talk to them -- but I don't have a contract with the Corps of  
13 Engineers. I don't have one with the City of Frankfort. I  
14 don't have one with anybody. Our contract is with USGS.  
15 That's what we budgeted for and what we entered into.

16                   I mean my reaction is not to pay this.  
17 Now they didn't pull the gauges out. The gauges are there.  
18 They serve a two-fold function. They're a stage gauge and a  
19 stream flow function. What this does is that it--this  
20 continues if the gauges--or would discontinue service or the  
21 reporting of continuous stream flow information from the  
22 gauges that the Corps of Engineers no longer will participate  
23 with the USGS as far as financing is concerned.

1                   Contractually, it's an obligation of  
2 USGS. It's not an obligation of the Corps. I mean that's--  
3 like I told somebody, that's sort of like saying that that  
4 I'll loan you so much money on your house, give you a  
5 mortgage and you say, well--come to me half way through it  
6 and say, well, I can't pay you but half of it because my  
7 uncle is not giving me the half that he gives me. Well, I  
8 don't have a mortgage on your uncle's property. I've got one  
9 on this one.

10                   I think that what we're going to do is  
11 David is going to--I've asked David to go through this list  
12 between now and next October and see just what we really have  
13 to have because a lot of these things we haven't had a  
14 network evaluation on for a long time. Some of them maybe of  
15 questionable value. I think most of them are a pretty good  
16 value to somebody. I'm not sure how much value they are to  
17 us.

18                   You notice the one gauge that's not in  
19 question here is the one Bob was talking about, the water  
20 quality gauge at Frankfort. There's two gauges at Frankfort.  
21 There's a regular stream flow gauge and then there's a water  
22 quality gauge that accommodates the information he was  
23 talking about, conductivity, pH, dissolved oxygen and

1 temperature.

2 And that was conceived of by the board  
3 as a part of the water quality effort a number of years ago.

4 We were initially going to put it at Boonesborough at the  
5 museum down there at the state park that we own and it turned  
6 out that the USGS could more easily install it in Frankfort  
7 because the museum was physically closer and they didn't have  
8 as many problems putting it in.

9 As Bob said -- and I think he made a  
10 good recommendation -- we need to see just how many people  
11 really use this thing. Everybody uses the stream flow gauge.  
12 We thought that it would probably be used by a lot of school  
13 children and a lot of people that had an academic interest in  
14 different things and maybe some industrial use, too, but I  
15 don't really know how to measure that or how to report on  
16 that.

17 It was an expensive gauge to put in. I  
18 think our cost or our part of the installation of that thing  
19 was \$20,000 against 40 total and we pay \$24,500 a year for it  
20 just to keep it up so we've got to look at that. I wouldn't  
21 want to just take it out, withdraw it without some kind of an  
22 analyzation of it because it's set up in--the City of  
23 Frankfort's museum over there is where the monitors are if

1 you want to read it or go to it.

2 But we're going to look at all these  
3 and see and we may knock a couple of these gauges off of here  
4 somewhere so that our overall obligation won't be any more  
5 than what it is. I have a problem paying somebody else on a  
6 contract that we have because some partner that we don't have  
7 a contract with dropped out. I don't think the Corps of  
8 Engineers should have dropped out. I suspect its tied to  
9 their ownership of this stuff.

10 Essentially, they're cutting out one on  
11 the North Fork, one on the Middle Fork, one on the South  
12 Fork. They're cutting out several of them on the main stem  
13 of the river itself. They're cutting out the one at 14 at  
14 Heidelberg, 10 at Boonesborough which that's very critical to  
15 our operations, Lock and Dam 6, Lock and Dam 5 in  
16 Lawrenceburg. The one at Frankfort is fair at this point but  
17 then there again the dam is still owned by us so I assume  
18 that's why they didn't cut it out.

19 MR. HAMILTON: Well, that one is  
20 partially funded by the City of Frankfort---

21 MR. REEDER: The City of Frankfort pays  
22 for part of it, too.

23 MR. HAMILTON: ---so it's not as big of



1 a cost to them.

2 MR. REEDER: Not as big a cut anyway.

3 But, at any rate, what remarks do you have, David? The worst  
4 thing they could do to us--they've already stopped the  
5 dissemination of this information to my knowledge.

6 MR. HAMILTON: The flow data.

7 MR. REEDER: The flow data. The stage  
8 gauges are still there. The gauge mechanisms are still in  
9 place. The worst thing they could do, which I don't think  
10 they'll do, is go back and take the machinery out. Now if  
11 you do that, to put it back in will--cost you about \$10,000  
12 to put it back in if you decide you want it back in there,  
13 but I don't think they're going to take them out because we  
14 don't have any intention of abandoning most of these things.

15 I don't like the idea of having to pay  
16 for something we didn't budget for nor agree to and I intend  
17 to have a meeting with USGS and basically tell them that,  
18 plus the fact we're going to reanalyze this network to see  
19 what we really have to have. I suspect we're going to need  
20 most of them.

21 MR. HAMILTON: Yes, particularly the  
22 ones that have been cut out.

23 MR. REEDER: Yes. I mean the ones they

1 cut out were the wrong ones to cut, one out of each of the  
2 three forks and then at several key locks here. Because we  
3 got a policy. We've had a policy of putting this stuff in.  
4 At one point in time we--any location that did not have a  
5 stream flow gauge our policy was to put one there. One a  
6 year and that's what we did until we got this network where  
7 it is.

8 And so I feel like we're reversing some  
9 of our own field if we allow them to be taken out of here or  
10 if we don't participate. I think there's probably some  
11 around that we could probably do without maybe on some of the  
12 tributaries possibly that don't help us directly but the ones  
13 in question are fairly key gauges. I would invite any  
14 comments on that from anybody.

15 CHAIRMAN WARE: At Lockport, who's  
16 funding the majority of that particular gauge because---

17 MR. REEDER: Lockport?

18 CHAIRMAN WARE: Yes. The Corps really  
19 wasn't in for that one for much. I mean was that one of the  
20 Division of Water's---

21 MR. REEDER: They're not proposing --  
22 let's see -- they're not proposing to take that one out, Bob.

23 CHAIRMAN WARE: Well, they were saying

1 additional funds needed \$705 for Lock No. 2.

2 MR. REEDER: I saw that. I don't  
3 think---

4 MR. HAMILTON: That's the Corps and the  
5 USGS picks up a little bit extra. That's part of their---

6 CHAIRMAN WARE: That was one of the  
7 Corps'---

8 MR. HAMILTON: National---

9 CHAIRMAN WARE: ---national water  
10 quality stations so I'm sure that's one of the Corps primary  
11 stations -- I'm sorry -- one of USGS' primary stations, the  
12 Nasquan (sic) network.

13 MR. HAMILTON: Right.

14 CHAIRMAN WARE: So, I assume they'll  
15 keep that one going regardless.

16 MR. HAMILTON: I think so. I think  
17 you're right on that.

18 CHAIRMAN WARE: So, I don't know that  
19 they need to hit us for any additional funds on that  
20 particular installation.

21 MR. HAMILTON: Which I don't think  
22 they're asking on that one.

23 MR. REEDER: No, they're not. They're

1 not asking on it.

2 CHAIRMAN WARE: Oh, really? I just---

3 MR. REEDER: The one that I---

4 CHAIRMAN WARE: One list that I was  
5 given it said just funds needed but maybe that's just---

6 MR. REEDER: We put one in at--we put  
7 one in the last couple of years at Tyrone or Lawrenceburg at  
8 No. 5 because we thought we needed that to help Frankfort  
9 gauge what the stream flow data was there and so we've put  
10 these things in a lot of places.

11 CHAIRMAN WARE: One question I have,  
12 Steve -- David might know this -- if we cut back--if we were  
13 to cooperate just for stage only and not continuous gauging  
14 how does that effect the cost?

15 MR. HAMILTON: I believe that's at our  
16 current funding. With the Corps, when they dropped back  
17 their funds, that takes it back to stage only at the ones  
18 that we were co-cooperating with the Corps at.

19 MR. REEDER: Yes.

20 MR. HAMILTON: The ones that we fully  
21 fund would still be stage and stream flow. But the problem  
22 is the ones that we fund completely are the new ones that  
23 we've added and so they weren't the most important. They

1 don't have as much history. The ones that we cooperated with  
2 were like 14, 10, ones that have utilities on them; so ones  
3 that have 100 years of history that you could kind of look as  
4 a bench mark. You might look at re-allocating some of that.

5 MR. GRIER: I'd just like to make a  
6 couple of comments as an engineer that works across the state  
7 as well as with the Kentucky River Authority and the model.  
8 The longevity of a gauge is very important to it use. Having  
9 20 years of data, for example, is infinitely more valuable  
10 than having two years of data.

11 These gauges are very important for  
12 many, many reasons: one is the management of the river, one  
13 is the calibration of the model, but there are some subtle  
14 things that are not entirely apparent as far as the use of  
15 these gauges. One is for the individual cities who may want  
16 to build a water treatment plant or build a sewer plant or  
17 build a reservoir. Having a gauge on small streams is very,  
18 very helpful to that.

19 For example, I'm not the Valley View  
20 Ferry Authority. Well, we have to shut down the Valley View  
21 Ferry in high water. Well, if we have access to what's going  
22 on in Pool No. 14 that gives us about a day and a half of  
23 lead time as to know what is going to be coming down the

1 pike. This is an use of the gauges that's not entirely  
2 apparent.

3                   So, if there's a way that these gauges  
4 -- at least the stage -- but if there's a way we can preserve  
5 the entire integrity of these gauges at a relatively nominal  
6 cost, I just want to tell the board here that this  
7 information is very valuable to engineers and that the  
8 longevity of a particular gauge is infinitely more valuable  
9 that just a short-term gauge.

10                   For example, the gauge at Lock 10 has  
11 been place I believe since 1903 and it is extremely valuable.  
12 The gauge in Lock No. 9 has only been in place about 4 or 5  
13 years so that reading is helpful. But at Lock 10 where you  
14 have almost 100 years of data, of flow data, that's extremely  
15 valuable and so to even think of not getting the flow at Lock  
16 10 is unthinkable as an engineer. So that's just a minute  
17 example of the importance.

18                   And even the upstream ones are  
19 important, not so much as important. But to the local towns  
20 up and down the streams and to projects and to other people,  
21 I would like to see the integrity of these gauges preserved  
22 if there's any way possible that we can do it.

23                   CHAIRMAN WARE: Well, the network has

1 been eroded as we well know over the years and, like you say,  
2 Bill, it's important. Decisions that impact the users in our  
3 basin occur all the time with respect to this information.  
4 It's essential for permitting waste water discharges. It's  
5 important for permitting water withdrawals. We've lost too  
6 many stations across the state and, unfortunately, in this  
7 case, the Corps of Engineers just kind of made an almost knee  
8 jerk response to withdrawing their funds because they had  
9 other priorities.

10 I had suggested at a meeting I attended  
11 a couple of weeks ago with the Corps of Engineers that in the  
12 future any decisions that are being made along these lines it  
13 would be appropriate to sit down with all the stakeholders,  
14 the state agencies, if there's any local entities that are  
15 involved, any cooperators in the USGS network and sit down  
16 and look at priorities before funding is just  
17 indiscriminately yanked.

18 MR. GRIER: Dr. Ormsbee has had a  
19 conversation.

20 DR. ORMSBEE: Can I make a comment?

21 CHAIRMAN WARE: Yes, Dr. Ormsbee.

22 DR. ORMSBEE: I was actually up in D.C.  
23 a couple of weeks ago and I had an opportunity to actually

1 meet with the head of the USGS, Pat Leghey, who I actually  
2 know through a professional organization and actually brought  
3 this issue to his attention. He indicated he was aware of  
4 the issue. He had been in conversation with Mark Harris in  
5 Louisville.

6 And, again, I kind of expressed my  
7 dismay that we have all these stations that they're getting  
8 ready to yank and the money they're looking at is so minimal.  
9 It's only \$26,000, for example.

10 Apparently, the USGS federal budget  
11 this year, they added about \$1.5 million specifically for  
12 stream gauge support so at least the USGS has been given a  
13 bump in their budget for supporting stream gauges. But the  
14 flip side of that, I think the Corps budget, not explicitly  
15 for stream gauges but generally, had a pretty big hit so I  
16 don't know if that may be part of where this is coming from  
17 but, nonetheless, it seems to me that if the USGS is getting  
18 \$1.5 million extra this year for stream gauges you would  
19 think they could come up with \$26,000 for the Kentucky River  
20 basin.

21 But, anyway, I did talk to Pat Leghey.  
22 He said he would go back and discuss this with the General  
23 with the Corps of Engineers. I haven't heard anything back



1 from that, but just FYI that information is out there.

2 I also stopped by Congressman Rogers'  
3 office and Congressman Chandler's office and make sure that  
4 they were aware of the situation and asked to see if they  
5 could do anything as well. So, I made those contacts just  
6 for your information.

7 Again, apparently the money that the  
8 Corps is putting in is basically being used to transfer the  
9 stage data into flow data. And my understanding -- and,  
10 David, you can correct me if I'm wrong -- that they're still  
11 collecting the stage data. They're just not going through  
12 the calculations to get the flow data in.

13 MR. HAMILTON: That's right.

14 DR. ORMSBEE: The gauges don't actually  
15 measure flow. They simply measure the water level and then  
16 they have equations they use. They take that water level,  
17 they put it in an equation and it transfers it or converts it  
18 to a discharge. So, I don't know if this \$26,000 is actually  
19 being used for any physical infrastructure or if it's simply  
20 being used in-house by the Corps to do the analysis to make  
21 those conversions.

22 Now, I believe they probably have some  
23 of that money budgeted to go back periodically and actually

1 do some field work to verify their rating curves but, there  
2 again, the data should be available. I think worst case  
3 scenario, if they can't get the flow data, we may be able to  
4 get the stage data---

5 MR. HAMILTON: The latest stage  
6 discharge.

7 DR. ORMSBEE: ---and make some  
8 conversions internally ourselves. Just thought I would---

9 CHAIRMAN WARE: But like you say, it  
10 may not be a great utility if they're not doing the  
11 verification of the rating curves and all.

12 DR. ORMSBEE: Well, that's true. So, I  
13 assume probably some of the monies, I would assume,  
14 undoubtedly is used periodically. They go back and actually  
15 go out in the field and do a cross section and make sure that  
16 the rating curve has not shifted. I assume some of that  
17 money is probably just being put in an escrow account or  
18 whatever for that type of use. I don't know specifically  
19 but---

20 CHAIRMAN WARE: Yes, but think, though.  
21 A lot of this information is still useful to the Corps as  
22 far as their objectives because they still have---

23 DR. ORMSBEE: Well, apparently, they---

1 CHAIRMAN WARE: ---Buckhorn and Carr  
2 Fork and---

3 DR. ORMSBEE: What I've heard, they  
4 think the stage data is sufficient for their operation.

5 CHAIRMAN WARE: Really?

6 MR. REEDER: I wonder why they didn't  
7 think that a long time ago.

8 DR. ORMSBEE: Yes. Yes, I agree. But,  
9 anyway, I just thought I would add that.

10 MR. REEDER: Yes. I'm glad you did.  
11 Lindell and I have talked about that. He mentioned he was  
12 going up there and so I'm glad he did that.

13 I think it's tied--I think it's pretty  
14 simple. I think it's tied to their pull out here. Notice  
15 the one in the North Fork at Whitesburg. We pay 100% of that  
16 so that's not an issue. The one at Jackson is an issue  
17 because that's a share. The one at Talladega on the Middle  
18 Fork, and the one on the South Fork on Booneville. So  
19 anywhere you have a--the one at Goose Creek in Clay County,  
20 Manchester, we pay all of that. That's not an issue.

21 So, it looks like to me that they've  
22 come down to the point that they own. When these deeds  
23 transfer it--when you clear Lawrenceburg through Whitesburg,

1 I think the transfer of this property is just indicative of  
2 where they're pulling out. And whether the use the data I  
3 haven't even thought about it. Who knows.

4 But there's two issues here. They want  
5 \$26,000 now to get through the rest of the federal fiscal  
6 year which ends in October. The separate issue, which we're  
7 not considering right now, is that the next contract is going  
8 to be \$26,000 more.

9 CHAIRMAN WARE: Right.

10 MR. REEDER: Well, that's another  
11 issue. We'll look at that late this summer when that comes  
12 up.

13 CHAIRMAN WARE: So the Corps didn't pay  
14 them anything for this current federal fiscal year?

15 MR. REEDER: Yes, they did. This is  
16 pro-rated.

17 CHAIRMAN WARE: Oh, it is?

18 MR. REEDER: Yes. This is pro-rated.  
19 They decided the other day they was getting out. If you  
20 notice the timing on those deeds, it's too close in time to  
21 be a coincidence. So they're just taking everything from  
22 Frankfort and looking upstream as far as you can through the  
23 three forks and saying we're done. That's kind of what

1 they've done here.

2                   So my inclination is this. If we meet  
3 with USGS and they were to entertain the idea of pulling this  
4 equipment out of there physically, then I guess it may be  
5 black mail. We'll have to pay it. And I'll be in here to  
6 tell you that I agreed to do so or not. Otherwise, I don't  
7 want to do it.

8                   I just got a big problem with going in  
9 the middle of a contract year and somebody that I don't have  
10 a contract with comes back and says, well, we're losing a  
11 partner over here. We can't really afford it anymore,  
12 particularly in the light of what Dr. Ormsbee just got  
13 through telling you; that they got a big jump in their  
14 budget.

15                   So, I'm going to approach it like that.  
16 If anybody wants to make any formal motions or whatever I'll  
17 abide by that but otherwise I'm going to do it like--proceed  
18 like we're doing. Dave and I are going to meet with them.  
19 If you want to attend, the more the merrier.

20                   CHAIRMAN WARE: Yes. I've got some  
21 experience with the US Geological Survey. Speaking of which,  
22 Dr. Haney may want to say something.

23                   DR. HANEY: If I may.

1 CHAIRMAN WARE: Come on up and  
2 introduce yourself, Don. And this will go back to your days  
3 with the Geological Survey I'm sure.

4 DR. HANEY: I guess Bob and I together  
5 have got, what, 50 years experience with the USGS or more and  
6 this is very, very typical.

7 MR. REEDER: Excuse me a minute. Dr.  
8 Haney is a former chairman of this board, and he's also the  
9 retired state geologist they call him. They've got a  
10 statutory titled State Geologist---

11 DR. HANEY: Yes, that's what they call  
12 it.

13 MR. REEDER: And he was also Director  
14 of the Kentucky Geological Survey at the University of  
15 Kentucky forever.

16 DR. HANEY: Long time. But, as I said,  
17 this is very typical of them. And, Bob, you remember back,  
18 oh, around the early 1980's they pulled this same thing on us  
19 for the entire state, not just the Kentucky River basin.

20 Lindell brought up something very, very  
21 critical, meeting with the congressional delegation. They  
22 are scared to death of those people, particularly someone  
23 like Rogers who's on the Budget Committee and has a lot of

1 authority so I would use that. I would write Rogers or  
2 contact him and I would ask him to drop a note to both the  
3 Corps and USGS and ask why they're doing this in the middle  
4 of the fiscal year. It's very inappropriate. And I think  
5 they'll back off. They have before.

6 CHAIRMAN WARE: I'll entertain a motion  
7 that we have the Director---

8 MR. DAY: I'll so move.

9 CHAIRMAN WARE: Okay. We have a---

10 MR. REESE: Excuse me, Mr. Chairman.  
11 I'll second his motion. But if Sue Ann would put out a  
12 sample letter to all of us to the Congressman, we could send  
13 him a letter.

14 CHAIRMAN WARE: Okay. We've got a  
15 motion made and seconded to communicate with our  
16 congressional delegation that this is a concern and funding  
17 shouldn't be withdrawn. Any discussion of that motion?

18 MR. DAY: I think it also should  
19 specifically say in the middle of the funding or funded  
20 allegedly funded, year.

21 CHAIRMAN WARE: Yes, with a cooperative  
22 network of which we're a participant.

23 MR. GRIER: I think that's a key word,

1 cooperative network. Yes. And should emphasize the  
2 vitalness of this, too, the successful management of the  
3 river.

4 CHAIRMAN WARE: All in favor. Any  
5 opposition? Okay. So moved. There's no Engineer's Report  
6 for today so we'll move onto the Director's Report. Steve.

7 MR. REEDER: Well, this will be fairly  
8 short. I think we've accomplished most of what we set out  
9 for--objectives for our meeting today.

10 But I would say that I did pass out an  
11 article from The Lexington-Herald that everybody has here  
12 today. The up shot of it is this. I'm going to tell you how  
13 it affects us. I guess it minimally affects us.

14 But the article in The Lexington-Herald  
15 this morning was basically to the effect that the Bluegrass  
16 Water Supply Commission which we have a seat on that--we have  
17 a non-voting seat. Bill Grier is our non-voting member on  
18 that. The Kentucky Infrastructure Authority also has a  
19 member on that. That is a conglomeration of cities.  
20 Frankfort is a member. Mr. Caines' company is a member of  
21 it. City of Nicholasville. Mayor Martin's city is a member  
22 of it. It's a collection of cities in the Central Kentucky  
23 area basically that banded together and organized themselves



1 legally in order to better use the water supply of the  
2 Kentucky River for consumptive purposes.

3                   The plan has ben funded by the  
4 legislature. I know when Governor Fletcher was in congress  
5 he secured a grant which was matched by the state government  
6 at the time under Governor Patton to study the organization  
7 or possible setting up of such a group legally that would  
8 basically use Kentucky River water and use it in a more  
9 equitable way of sharing. If Lexington was low on water and  
10 Frankfort had a surplus, there would be a set of  
11 interconnecting water supply pipes that these member cities  
12 could share with each other.

13                   And it exists. It is been blessed by  
14 the state government. The legislature last year appropriated  
15 \$900,000 a year to it for their engineering studies and so  
16 forth to seek out different supplies and different ways to  
17 distribute water. Part of the same budget bill we just got  
18 through talking about, there's another \$900,000 for each  
19 fiscal year in that.

20                   That money is run through this agency.  
21 We don't spend any of it. It's merely as part of the  
22 government cooperative agreement whereby we look at it and we  
23 pass it on and say, well, we have seen it basically and then

1 it goes on. Also, it goes to the Kentucky Infrastructure  
2 Authority.

3 I was notified the other day that it  
4 was back in the budget and it would be making its same--each  
5 expenditure would be making its way through the Kentucky  
6 River Authority and the Kentucky Infrastructure Authority.  
7 So, it's an ongoing entity.

8 Well, part of their plan--a two phrase  
9 plan just to over simplify and one was--it had the member  
10 cities that have interconnected pipes where they could share  
11 water on an as needed basis and the second thing would be--  
12 the second part of that would be to seek out a new water  
13 supply.

14 Since the old Kentucky River pipe line  
15 idea that was proposed by Kentucky-American a number of years  
16 ago really didn't get off of the ground for whatever reasons,  
17 the Bluegrass Water Supply Commission, which the City of  
18 Lexington is a major member, agreed to or proposed to put a  
19 major water treatment plant, a brand new, in Pool 3, that is  
20 in the Owen/Henry County area and be above Frankfort or  
21 really below Frankfort on the river but north of Frankfort.  
22 That would also supplement all these other systems and the  
23 system of pipes and conduits. A lot of engineering and

1 preparatory work has to go into that but it's something now  
2 that the legislature deals with, the Governor deals with it.  
3 He dealt with it when he was a congressman and so it's not  
4 anything new.

5                               So yesterday at the Public Service  
6 Commission meeting, Mr. Grier was in attendance because he  
7 gets noticed as a ex officio non-voting member. He got  
8 noticed that they were having this meeting at the Public  
9 Service Commission. And Kentucky-American basically  
10 surprised everybody and said, well, they move too slow.  
11 We're going to build it ourself. Whatever.

12                              Where that effects us is this. We have  
13 told the Bluegrass Water Commission that we know Dam 9 is in  
14 a bad shape. Dam 10 is in a bad shape. And we've talked  
15 about those quite regularly in this meeting.

16                             If you all have been on the board any  
17 length of time--for those who have been on the board any  
18 length of time, we know Dam 3 is not a good dam. Its got all  
19 kinds of problems in it. Visually looking at it it's the  
20 next worst one.

21                             So, we have said at the Bluegrass Water  
22 Commission or anybody else intending to put a treatment plant  
23 and rely on that as a pool that we were going to once the

1 plans got firm--we can't do it too far in advance because the  
2 engineering won't be any good. It'll date itself. But we  
3 were going to do some geotechnical work, subsurface work, and  
4 see just how bad it was and make a recommendation or our  
5 staff would make a recommendation to the Board to repair that  
6 dam or to build a new one depending on the level of  
7 dependency that would be required.

8                   Because Dam 3 is a bad dam. Earl  
9 Gulley tells me that and he's told me that for years. David,  
10 he inspects these things. He sees--when you see chunks  
11 falling out of it.

12                   Last year, the Finance Cabinet  
13 authorized a -- or year before last -- they authorized  
14 \$380,000 emergency project to go up -- there were no bids --  
15 and go up there and fix it and they authorized it and we  
16 finished it up last Christmas a year ago because it was about  
17 ready to breach itself on one of the sides. The other side  
18 ain't much better.

19                   So whether it's Kentucky-American that  
20 does it or whether it's the Bluegrass Water Commission that  
21 ultimately builds this plant, as we get closer to it we will  
22 be--we're going to have an obligation to go up there and fix  
23 that thing. It's probably going to be a complete fix I would

1 imagine because Bill Grier is familiar with it and--but it's  
2 one that has very--it's like 9 and 10. It has a lot of  
3 visual deficiencies I guess you could say without doing any  
4 kind of subsurface work.

5 That's an interesting article, and it's  
6 one that a lot of our board members follow because we have  
7 had a lot of presentations over the last few years from the  
8 Bluegrass Water Supply Commission.

9 They call it a consortium before they  
10 organized it under Chapter 74 of the statutes to be a  
11 commission, which is a collection of cities that it formed,  
12 and they can do a lot of things. The same rules apply to  
13 them that would apply to another special district like a  
14 water district or anything of that nature.

15 While the news was somewhat a surprise,  
16 I just take this opportunity to tell you that our position is  
17 the same. If somebody is going to build one, we're going to  
18 have to be sitting down talking about how much money we're  
19 going to spend on it.

20 Right now, the only taker out of Pool 3  
21 is Buffalo Trace Distillery. In our line of things, for a  
22 couple of reasons it never occupied a lot of priority until  
23 it almost fell in about two years ago, one because the

1 federal government still owns it. Of course, they treat that  
2 like they do the rest of the system.

3                   And then the other thing is the fact  
4 that there's no city that directly relies on it. Buffalo  
5 Trace probably theoretically could be handled by the City of  
6 Frankfort if they had to be. If it's going to be a major  
7 supplier to municipal operations, then it's going to have to  
8 be looked at as a replacement dam in the next few years and  
9 that's going to have to be part of our strategic planning.

10                   MR. GRIER: Let me just add a couple of  
11 sentences to that. I would commend everybody to read this  
12 thing in your handout because from the water supply viewpoint  
13 it's one of the most important things that's happened. The  
14 hearing yesterday--well, it wasn't a hearing. It was an  
15 informational presentation of the staff.

16                   But the way it was left -- and this  
17 article does not cover this -- but the way the meeting closed  
18 is that essentially Kentucky-American knows they have a  
19 deficient of water and the PSC asked them what are you going  
20 to do about it and that's when Kentucky-American said we  
21 intend to build a water treatment plant in either Pool 3 or  
22 possibly Pool 2. It could be Pool 2. They don't know yet  
23 and--and fine.

1                   And then the Bluegrass Water Supply  
2 Commission, this hit them sort of broad side. They were not  
3 expecting that. This was news to them. And Kentucky-  
4 American said you just move too slow. We have this water  
5 supply deficient. Something has got to be done now and the  
6 Water Supply Commission has not done very much but get  
7 organized and spent money.

8                   So what the final meeting results was  
9 is that the PSC directed the Bluegrass Water Supply  
10 Commission people and Kentucky-American people to go into a  
11 room and come up with a decision one way or another. Either  
12 they would work together or if Kentucky-American had to go  
13 alone if they could not come to an agreement with the  
14 Bluegrass Water Supply Commission, the PSC would likely give  
15 them permission to go it alone so that is still up in the  
16 air.

17                  Whether Kentucky-American will do it by  
18 themselves or whether they will do it in conjunction with the  
19 Bluegrass Water Supply Commission is yet to be determined.  
20 That meeting has not taken place, but the PSC told them to do  
21 it with all expedition, meaning quickly, and so that will  
22 take place soon.

23                  Even if Kentucky-American decides to go

1 alone if they cannot come to an agreement, the process still  
2 will take at least a year before the Public Service  
3 Commission would give them permission to actually build it.  
4 So, we're talking about quite a bit of time in any event to  
5 even start so nothing is going to happen next week but that's  
6 waiting there, for them to have one final shot in a room  
7 together. And that's the way the meeting ended but this  
8 article does not include that.

9 MR. REEDER: One other item, Mr.  
10 Chairman, and that was just to expand a little bit on the  
11 receipt of our deeds and the execution of the deeds to these  
12 properties. We had a meeting a couple of weeks ago scheduled  
13 for the Parks and Recreation Committee and we delayed that  
14 deliberately because what we do at the Parks and Recreation  
15 Committee was hinging on the transfer of these deeds.

16 What we plan to do--and Randall  
17 Christopher. Judge Reese particularly. Lee County has a  
18 sublease with us with certain kinds of restrictions on it  
19 many of which were dictated by federal standards and the same  
20 thing that we have heard that--that Estill County got the  
21 same interest in Lock 12 for recreational reasons and so we  
22 don't--Judge Taylor was here and made a presentation of what  
23 he's intending to pursue.



1                   But at this meeting what we would like  
2 to do is look over and analyze those requirements that the  
3 board adopted about five years probably that were binding  
4 conditions on any lessee and those will be changed to some  
5 degree whenever we--we need to review those, and we need to  
6 look at the Lee County situation, in particular, since we  
7 already have an agreement there.

8                   We have to look at a different standard  
9 for those dams that will become state owned than at those  
10 that are federally owned because there's a lot of  
11 restrictions that are stuck on there that the Corps requires.

12       On the one hand, it's inconsistent. They seem not to care  
13 about whether these things fall in but they'll tell you about  
14 20 things you have to do if you're going to occupy the  
15 premises.

16                   One thing it does with regard to Judge  
17 Wallace Taylor's presentation a couple of weeks ago was that  
18 to make his concept work, he may have some private  
19 participation on the property. Well, you can't do that with  
20 federally owned. You can if its state and that might make  
21 the difference in whether it works or not. So, we need to  
22 look at all of those things when we do and we'll be calling  
23 that meeting in the next two or three weeks, something like

1 that, for members that are on that committee.

2 CHAIRMAN WARE: Just get Randall to  
3 work with Sue Ann in setting the time of that meeting up.

4 MR. WELTY: Steve, in regards to the  
5 letter you sent the Director of Emergency Management---

6 MR. REEDER: Yes, sir.

7 MR. WELTY: ---have they responded back  
8 to you yet in regards to setting up the meeting because I  
9 thought we had this all ironed out.

10 MR. REEDER: Well, that letter that  
11 Bill is talking about is to implement the--for better  
12 implementation of the structural failure plan. I can see if  
13 we had a structural failure, even though we've got a plan for  
14 each location, you would have 40 people in it and I'm sure it  
15 would get out of control if you don't have some protocol to  
16 go with it.

17 So, I wrote General Bailey and asked  
18 him to--told him we needed to meet and iron out some kind of  
19 a step-by-step procedure if we have a problem somewhere, have  
20 a catastrophic failure of one of these things. He had  
21 someone call me the other day. A meeting hadn't been set up.  
22 He has responded.

23 MR. WELTY: I guess the other thing I

1 have a question on is we've been told a lot of good promises  
2 with our budget situation but we have design of Dam 9 in our  
3 budget and spending money monthly. Do we move on with this  
4 until we get the budget solved because, in my opinion, if  
5 they don't give us a mechanism to pay for it how are we going  
6 to build it to start with and we're going to have a design  
7 that is going to lay on a shelf.

8 MR. REEDER: Well, the design, it's  
9 basically paid for.

10 MR. WELTY: We just haven't been billed  
11 for it?

12 MR. REEDER: Uh-huh (Affirmative).

13 MR. WELTY: Okay. We got a half a  
14 million dollars we haven't paid.

15 MR. GRIER: Write the check.

16 MR. REEDER: Well, we've paid them  
17 close to a million dollars.

18 MR. WELTY: Excuse me?

19 MR. REEDER: We have paid them close to  
20 a million dollars over the last year.

21 MR. WELTY: According to this budget,  
22 we still got a half million we owe them.

23 MR. REEDER: We still owe them. Yes.

1 MR. WELTY: But they're almost done?

2 MR. REEDER: Yes. Now part of that  
3 half million is for construction inspection during the  
4 construction of the project which if the project did not  
5 materialize you would have to do a change order to stop the--  
6 and cease payment to them.

7 MR. MARTIN: Steve, I got a question.  
8 You and I have discussed the interstate connector.

9 MR. REEDER: Yes, sir.

10 MR. MARTIN: Is there any way the  
11 transportation money and tying it into them that might be  
12 something worth looking into?

13 MR. REEDER: Yes, it is worth looking  
14 into. The gentleman just left here, Dr. Haney, this was a  
15 project he conceived of a number of years ago whereby you  
16 would have a large dam double the height of the one you got  
17 now at Dam No. 8, close to Dam No. 8, a replacement dam over  
18 the Kentucky River.

19 A lot of that plan was contingent--his  
20 concept. He had that concept not in his official capacity  
21 necessarily being on the board but he had that concept when  
22 he was head of the Geology Department at UK. And a lot of  
23 that depended on some--being mated with some highway project.

1 Well, during the prior administration  
2 it was looked--a lot of different connections from the City  
3 of Nicholasville directly to I-75 were looked at. Nobody  
4 could ever conclude anything.

5 So, basically, when the prior  
6 administration ended a delegation of board members talked to  
7 Mr. Codell, Secretary Codell, and just to summary what he  
8 thought our prospects were and, of course, they were slim and  
9 none because--I'll call it the Haney concept. Dr. Haney's  
10 concept was that you would have basically a bridge dam over  
11 the Kentucky River. You got to go through all these  
12 environmental steps anyway and it makes more sense to do it  
13 in conjunction with another project than just trying to go  
14 off on your own and do it. So, anyway, it died out.

15 Well, Senator Bunning energized the  
16 project. I believe I'm correct in giving him that credit  
17 because he did--I think it was--I've forgot how much money it  
18 was. It was in the paper. But, basically, he went and said  
19 that the Planning Council for Fayette and Jessamine County  
20 would have "x" amount of money to restudy this thing, reopen  
21 it, and so at that point we became interested again in  
22 looking at it after being told that everything had been  
23 exhausted before.

1                   The planning body that you--I think you  
2 sat on it, you and Judge Cassity. Judge Cassity also, our  
3 former Chairman here, had the same idea. His idea, too, was  
4 just like Dr. Haney's; that in order to make it really fly  
5 right and be able to afford it you need to have mated with a  
6 highway project that's going that way anyway.

7                   So what's happened with the grant  
8 provided by Senator Bunning--this thing is back on the table  
9 so it does make sense--we don't have a seat on it. The  
10 closest thing we've got a seat is Mayor Martin. He sits  
11 there. It does make sense to look at this.

12                  Now, the issue came up with Dam No. 9,  
13 which we're proposing to replace now, and the issue there  
14 was, well, why build No. 9 if you're going to flood it  
15 because that's what would happen. You would over top it with  
16 a 40 foot dam at Nicholasville.

17                  The thing about it is a project like  
18 that takes a while to do. We didn't think dam would last  
19 that long. Given the fact that you're supporting an \$11 and  
20 a half billion dollar economy in Fayette County alone, it  
21 don't take long to pay for a \$17 million dam. To air on the  
22 side of safety, you would go on and do that one.

23                  This was one thing I had to explain to

1 some of the legislative people in the Budget Committee. They  
2 didn't understand that and they wouldn't understand it. The  
3 life of that dam would well pay for itself if we build it  
4 today if it didn't last but--if it wasn't five years.  
5 Probably be more like 10 by the time you got everything done  
6 to build that highway project. But if that's feasible, it's  
7 something that we should look into.

8                   And I think, as the Chairman said about  
9 a strategic planning session, we ought to consider putting  
10 that project back in it or at least make it contingent on the  
11 outcome of these recommendations, and we need to have our  
12 thoughts I guess read into those records somewhere during  
13 that process.

14                   And I'll be glad to go with you all to  
15 officially state that that's what would be a possibility  
16 because it might even -- on some kind of a cost benefit  
17 analysis and these various federal agencies are big on those  
18 things -- it might well make a difference on whether you got  
19 the project for traffic purposes. I mean it would help it.

20                   MR. MARTIN: From an economic  
21 standpoint, the connector, that's why we want it. For  
22 everybody.

23                   MR. REEDER: Yes. Somebody is going to

1 connect that one day.

2 MR. MARTIN: Right. And we had, what,  
3 20 regions I think that went down to see the--not the  
4 Governor but Mr. Snyder. And we thought we would only be  
5 there for about 15 minutes. We got to talk about two hours.

6 MR. REEDER: They've got a lot of data  
7 on it.

8 MR. MARTIN: Yes.

9 MR. REEDER: And, of course, Niberty  
10 (sic) back into it now since you got that federal grant to  
11 reopen that. There has to be a way to get that traffic out  
12 of Lexington. You're counterproductive. You're feeding back  
13 into those systems up there and they're not big enough to  
14 account for it. But, yes, it is. You let me know at any  
15 point in time that you want me or any of the staff to provide  
16 anything or to go to these meetings and bring--and I talked  
17 to Mr. Haney about this a few weeks ago because he's always  
18 interested in it. He just happens to be gone now. He had to  
19 go ahead and leave, but he's got quite a bit of documentation  
20 of his own as to how you would accomplish that.

21 CHAIRMAN WARE: I think the bottom  
22 line, though, an impounding structure of that size at that  
23 location faces a very rough road to haul with respect to the



1 environmental implications and it would really surprise me if  
2 that ever came to fruition.

3 MR. REEDER: Take a shot and through it  
4 out there and see what they do with it I guess. And another  
5 thing that works against you a little bit is that the Highway  
6 Department historically has had a hesitation of putting their  
7 structures on dams.

8 CHAIRMAN WARE: Right.

9 MR. REEDER: They've had bad luck with  
10 it. When I was over there we got into an awful fight with  
11 the City of Campbellsville because we had a highway on a dam  
12 that impounded their reservoir. It was just fine until it  
13 needed repair work and then both sides started arguing about  
14 whose responsibility it was to fix it. Well, you can't have  
15 the road without the dam but you can't have the dam--the dam  
16 wouldn't be there without the road. Got in an awful fight  
17 over that. You got a lot of obstacles there.

18 MR. MARTIN: I have seen the roads on  
19 dams and that's why--I know when we talked about it. It  
20 might be a quicker solution than what we're working on. And  
21 then again, like you said, the environmental impacts are--so,  
22 I don't know.

23 MR. REEDER: We're still on the record

1 from a planning perspective of a large reservoir of water  
2 somewhere in this river basin. We've talked about it at a  
3 lot of different places. Every since the failure of the Red  
4 River Gorge project in the seventies, the Corps of Engineers  
5 has made a lot of recommendations for off river stem  
6 reservoirs in a lot of places, Walker's Creek, different  
7 places.

8                   And then there's some people that say,  
9 well, you ought to stay right on the river, stay within those  
10 confines of some of those palisades and build a big reservoir  
11 like this one. It's still in our overall plan that we would  
12 support such a project in the long range basis but we don't  
13 identify a project per say.

14                   MR. WELTY: Steve, you was talking  
15 about the budget and a while ago you mentioned the House and  
16 the Senate people. Would it be inappropriate that we, as a  
17 board, individually wrote letters in support for this  
18 situation or not?

19                   MR. REEDER: It's totally appropriate.

20                   MR. WELTY: Well, could we get a list  
21 of those people that you talked about with a fax number or an  
22 email number. And, also, I would like to have some  
23 statistics about the number of people that draw the water

1 from that dam so we can incorporate that into---

2 MR. REEDER: That's not a problem  
3 whatsoever. We can fax that. I think I've already addressed  
4 it in some earlier letters I have written.

5 MR. WELTY: Well, I think if everybody  
6 kind of put their own words to it instead of making it a  
7 formal letter maybe we can get something accomplished there.

8 MR. REEDER: Okay. That will be  
9 totally appropriate.

10 MR. MARTIN: I know we forwarded ours  
11 to the Representative Damron on this budget here and they  
12 were very much in favor of getting money back in there.

13 MR. REEDER: Representative Damron was  
14 very key in this and helpful with this.

15 MR. MARTIN: Sure was.

16 MR. WELTY: So you all will get that  
17 out before midnight?

18 MS. ELLISTON: Sure. I'll be right on  
19 it. A suggestion, too, would be just one letter signed by  
20 the Executive Director and the Chair. I don't know if that  
21 would be as effective as---

22 MR. REEDER: Well, I think that  
23 probably the more of these people they hear from---

1 MS. ELLISTON: Okay.

2 MR. MARTIN: What about a resolution  
3 signed by everybody?

4 MS. ELLISTON: There you go, too.

5 MR. WELTY: They claim if they get  
6 enough paper work that's how they make a determination on a  
7 bill.

8 MR. GRIER: We'll load them up. What  
9 about the Corps of Engineer and their strenuous work on 10?  
10 Have you heard anything lately?

11 MR. REEDER: No, sir. The Corps of  
12 Engineers is continuing with their near term solution  
13 construction phase of it. That's going on. That's the  
14 project to shore it up so it won't collapse until they build  
15 it or replace it.

16 CHAIRMAN WARE: But all the work on the  
17 decision document has come to a halt until there's an  
18 appropriation.

19 MR. REEDER: Until there's an  
20 appropriation. That's what I went to see Mr. Chandler about  
21 about the middle of January since he's the sitting  
22 congressman in that district. And we were talking this  
23 morning. We haven't heard from him. So, we need to try to

1 hear from him and see if he's made any progress.

2 MR. WELTY: It's not in the federal  
3 budget?

4 CHAIRMAN WARE: Not in the federal  
5 budget.

6 MR. WELTY: Not in the federal budget.

7 MR. REEDER: Not in there now.

8 Chandler has roughly until about -- what would you say, Paul  
9 -- about March or April to get that finalized.

10 MR. GANNOE: Yes.

11 MR. REEDER: Paul used to work in the  
12 federal system.

13 CHAIRMAN WARE: Is Congressman Chandler  
14 going to attempt to get that included?

15 MR. REEDER: He told me he was.

16 CHAIRMAN WARE: But, no, that wasn't  
17 part of what the Corps or what the President had in his  
18 budget. The Corps got quite a bit of money evidently  
19 according to them in the meeting the other day but this  
20 wasn't part of it.

21 MR. REEDER: Any other questions with  
22 regard to Steve's report? I don't have anything to report  
23 today.

1                   We need to move onto other business,  
2 and I'm going to include in that other business an item  
3 concerning public official liability insurance that we need  
4 to make a decision on today. Steve, you want to discuss  
5 that.

6                   MR. REEDER: Yes. This is an annual  
7 insurance policy and what I'll be asking for today is a  
8 ratification -- you had it in your handouts there -- a  
9 ratification of it since I had to go ahead and do it because  
10 the deadline had about run.

11                   And that is an insurance policy for \$2  
12 million that covers legal expenses in case the board or any  
13 of its members are sued individually for a decision that's  
14 made by this board. It does not cover judgments, if somebody  
15 were to get a judgment. It covers legal fees.

16                   The Department of Insurance bids these  
17 things out. This is the same company basically that had it  
18 last year, the same insurance agency that had it last year.  
19 The bids were a little cheaper this year. It's \$5,000 or  
20 slightly over there.

21                   MR. REESE: Make the motion.

22                   MR. GRIER: Second.

23                   CHAIRMAN WARE: Do you all really think

1 you need liability insurance? Okay. If there's no further  
2 discussion all those in favor. Any opposition? Motion  
3 passes.

4 Is there any other business anyone  
5 would like to bring before the board today. What about the  
6 next meeting day? Is anything set?

7 MS. ELLISTON: I haven't set one. I  
8 don't know if Steve mentioned it to you -- I can't remember  
9 -- last time. Are we going to stick with the third Wednesday  
10 of every month? So it would be---

11 CHAIRMAN WARE: Does that suit  
12 everybody, third Wednesday in every month?

13 MR. REEDER: Or whatever month we met  
14 again.

15 CHAIRMAN WARE: Right.

16 MR. REEDER: Sometimes we don't---

17 CHAIRMAN WARE: If there's not enough  
18 on an agenda.

19 MS. ELLISTON: That would be on April  
20 the 19th.

21 MR. REESE: What day is it on, Sue?

22 MS. ELLISTON: That's on a Wednesday.

23 MR. GRIER: Wednesday.

1 MR. REESE: Wednesday.

2 MS. ELLISTON: Uh-huh (Affirmative).

3 MR. REEDER: I'd like to have that

4 Parks and Recreation Committee before we have the meeting.

5 MS. ELLISTON: If there's a problem

6 with the 19th, for April the 19th, if you all would just get

7 back with us and let us know if you cannot make it.

8 Otherwise, we'll assume that you'll be at the meeting.

9 CHAIRMAN WARE: Any other business from

10 board members?

11 MS. ELLISTON: Excuse me. May I ask

12 another question? Do you want to get the Water Quality

13 Subcommittee together before our April 19th meeting to

14 discuss the USGS contract?

15 MR. REEDER: Maybe. We'll see what

16 progress---

17 CHAIRMAN WARE: It depends on the

18 response that you get back from the Corps and from USGS.

19 MR. REEDER: Yes.

20 CHAIRMAN WARE: Any input from the

21 audience? Yes.

22 MR. KINLOCK: I'm David Brown Kinlock.

23 I'm President of Lock 7 Hydro Partners, LLC, the company



1 that's recently purchased the Lock 7 hydro electric plant,  
2 and I was just going to give you an update on a couple of  
3 things that you all were discussing with respect to the water  
4 gauges.

5  
6 As you may or may not know, there is a  
7 gauge, USGS gauge, at Lock 7 that is not paid for by the  
8 Kentucky River Authority. It was put in 1992 by Kentucky  
9 Utilities as part of the license for the Lock 7 plant to  
10 monitor the water levels to make sure that they were in  
11 compliance with the license.

12 As part of us upgrading the plant,  
13 we're going to put in monitoring controls and we'll not need  
14 that gauge there and we had talked to the KRA staff and to  
15 USGS about that and trying to figure out a way that we could  
16 put in some money so there's still a gauge there, do  
17 something like that.

18 The good news is that in the 11th hour  
19 right before we signed the agreement with Kentucky Utilities  
20 to actually take ownership of the plant, they were getting  
21 desperate to make sure that it happened and they volunteered  
22 to in the future continue to pay for the gauge on Pool 7,  
23 Kentucky Utilities, and justified because they're releasing

1 water from Herrington Lake at Dix Dam.

2                   So, I do now have that in writing from  
3 Kentucky Utilities that they have agreed to continue to pay  
4 for that gauge which is about \$13,000 a year. Kentucky  
5 Utilities has agreed in writing to continue to pay for that  
6 gauge into the future.

7                   CHAIRMAN WARE: So that's a cooperative  
8 agreement with the Geological Survey. They're the ones doing  
9 the work under contract.

10                  MR. KINLOCK: Yes. It's with USGS and  
11 they will continue to pay USGS the \$13,000 a year so that  
12 gauge is off your alls radar and, as I say, I've got it in  
13 writing that they will do that.

14                  The other thing I wanted to make you  
15 aware of is that you were talking about the water quality  
16 gauge at Pool 4. We are not required under our federal  
17 license to do any water quality monitoring, but we  
18 voluntarily went into the State Division of Water and asked  
19 for our 401 Water Quality Certificate to be amended to put in  
20 requirements that we do water quality monitoring at Pool 7  
21 and that would specifically dissolved oxygen and temperature.  
22 The equipment we get--at least the equipment we used in the  
23 past also has conductivity as part of the package.

1                   We will begin monitoring that on a  
2 weekly basis starting this summer and will be able to have  
3 reports to you. When we put in our new monitoring controls  
4 it will be a continuously monitored situation and that data  
5 will be available to you all from Pool 7. It will probably  
6 be in a year or two when we put in the new monitoring  
7 controls there. Even if you take that equipment out at Pool  
8 4, in another year or two we'll have a good continuous data  
9 for Pool 7.

10

11                   The monitoring we'll be doing will be  
12 from June 1st thru the end of October which is the critical  
13 time for oxygen. So just wanted to give you all that---

14                   CHAIRMAN WARE: So that would be in  
15 the--that equipment would be located in the hydro power unit  
16 itself?

17                   MR. KINLOCK: Right. The actual probe  
18 will be just downstream and so I guess you would say it's in  
19 Pool 6. It's just downstream of the dam. We're needing to  
20 monitor what the---

21                   CHAIRMAN WARE: So you're monitoring DO  
22 levels after the---

23                   MR. KINLOCK: Right. For example, if

1 the DO goes too low, we will shut down our operations to make  
2 sure all water tumbles over the dam to make sure the DO gets  
3 up to the state water quality standard. So that's what we're  
4 going to be doing.

5                               And we're doing that on a volunteer  
6 basis because 17 years from now when we have to get a new  
7 federal license that will be required of us I'm sure so we  
8 might as well do it now when we're putting in all new modern  
9 equipment. Just get it taken care of now. So, we  
10 voluntarily went and--and we now have the new 401 Water  
11 Quality Certificate with that requirement in it. Just update  
12 you on that.

13                           MR. REESE: These gauges, Mr. Chairman,  
14 they measure the flow plus the ingredients or quality of the  
15 water. Am I correct in thinking that?

16                           CHAIRMAN WARE: Well, there's actually  
17 two separate facets. They do have an apparatus that measures  
18 stage that can be then translated into flow based on a rating  
19 curve that they maintain but the water quality measurements  
20 are made by a separate probe or probes to measure dissolved  
21 oxygen and temperature and pH and conductivity.

22                           MR. REESE: And I noticed in there that  
23 North Fork, South Fork and Middle Fork, all three gauges on

1 that were -- and I'm going to agree with Mr. Reeder -- and  
2 also Lock 14 which is the first one on the river as you come  
3 down the river. All four of those is to be done away with.  
4 Looks to me like those would be four of the most critical  
5 ones.

6 CHAIRMAN WARE: Well, I would agree as  
7 far as flow goes and I think the Water Quality Subcommittee  
8 probably ought to be the instrument this entity uses to  
9 evaluate the necessity of continuing operations at those  
10 locations. And what we don't want USGS to do is make an  
11 unilateral decision to pull the equipment because it costs a  
12 whole lot more to go back in and start up a gauging  
13 installation after the fact. Hopefully, we'll have that  
14 opportunity.

15 Any other input from the audience?

16 MR. WELTY: Move we adjourn.

17 CHAIRMAN WARE: If not, I'll entertain  
18 a motion to adjourn.

19 MR. REESE: Second.

20 CHAIRMAN WARE: Seconded. Thanks. See  
21 you on the 19th.

22 (MEETING ADJOURNED)  
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STATE OF KENTUCKY

COUNTY OF FRANKLIN

I, Melinda L. Sparks, a notary public, in and  
for the state and county aforesaid, do hereby certify that the

foregoing pages are a true, correct and complete transcript of the proceeding taken down by me in the above-styled matter taken at the time and place set out in the caption hereof; that said proceeding was taken down by me in shorthand and afterwards transcribed by me; and that the appearances were as set out in the caption hereof.

Given under my hand as notary public aforesaid, this the 17th day of April, 2006.

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Notary Public  
State of Kentucky at Large

My commission expires January 14, 2007.